

# HONORABLE NOMINATION

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## HEARING BEFORE THE COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

ON

NOMINATION OF COLETTE D. HONORABLE TO BE A MEMBER OF THE  
FEDERAL ENERGY REGULATORY COMMISSION

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DECEMBER 4, 2014



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## HONORABLE NOMINATION

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THURSDAY, DECEMBER 4, 2014

U.S. SENATE,  
COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
*Washington, DC.*

The committee met, pursuant to notice, at 11:38 a.m. in room SD-366, Dirksen Senate Office Building, Hon. Ron Wyden, presiding.

### OPENING STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN [presiding]. The committee will come to order. We meet this morning to consider the nomination of Ms. Colette Honorable to be a member of the Federal Energy Regulatory Commission.

Senator Landrieu very much regrets that she's not able to be here this morning to chair the hearing. She has asked me to chair in her absence. She has submitted a written statement in support for the nominee. Without objection, it will be included and printed in the record.

Senator WYDEN. Like Senator Landrieu I'm pleased to support Ms. Honorable's nomination. Ms. Honorable clearly has the background, training and experience necessary to serve on the Federal Energy Regulatory Commission.

She's demonstrated her ability in the Arkansas Public Service Commission for the past 7 years.

Was Chairman of the Commission for the past 4.

Was President and Chair of the Board of the National Association of Regulatory Utility Commissioners for the past year.

Moreover, she has demonstrated her fairness, her commitment to safe, reliable and affordable utility service.

In the words of FERC's organic statute, her ability, and I quote here, "to access fairly the needs and concerns of all interests affected by Federal energy policy."

Ms. Honorable, as Chairman of Arkansas' Public Service Commission, kept her State's electric rates among the lowest in the Nation, promoted diversity of energy sources and investment in new energy infrastructure and ensured the safe operation of her State's natural gas pipelines.

I believe we will benefit by having her experience and ability on the Federal Energy Regulatory Commission. I hope that it will be possible to confirm her nomination before the session is over.

We'll have Senator Murkowski make her opening remarks and we'll recognize our colleagues.

Senator Murkowski.

**STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR  
FROM ALASKA**

Senator MURKOWSKI. Thank you, Mr. Chairman.

I appreciate the fact that we are able to have this hearing today considering the nomination of Colette Honorable, to serve as Commissioner on the FERC. I think we recognize that it is an increasingly important, independent agency.

To Ms. Honorable, I would like to welcome you back to the committee. In your capacity as President of NARUC you've been a national figure in energy regulation. Our committee has had the benefit of your testimony and your expertise at our electric reliability hearing last spring. Through your role at NARUC and as the Chair of the Arkansas Public Service Commission, I think it's clear that you have seasoned experience that, I believe, will be an asset at FERC. I do appreciate the willingness to serve.

At its core FERC's purpose is to ensure reliable energy at just and reasonable rates. By one rough measure the energy transmitted over FERC regulated pipes and wires is worth over \$400 billion per year. Considering that energy is a fundamental input across the economy, the Commission's impact can be multiplied significantly.

Most Americans feel the effect of FERC's decision in hundreds of individual cases and controversies. Ultimately, though, what we're talking about is money from their pockets and the quality of their energy service. More and more, though, we're hearing concerns about encroachment on FERC's fundamental mission.

It appears that the Administration is intent on transforming the very nature of energy production and use regardless of costs or sometimes even feasibility. Considering electricity alone, just one of the energy sectors that are regulated by FERC, I've noted for years now that the EPA is releasing an unrelenting onslaught of new and unduly burdensome Federal regulations, particularly in combination with one another. These rules could seriously challenge the reliability of our Nation's grid system and push more Americans into energy insecurity.

As I discussed last week with Ms. Honorable, if you are confirmed, I'm counting on you to champion FERC's role as the Federal agency with responsibility for electric reliability. We need the FERC to stand up in interagency dialogs and guard against Federal regulations that will make our electricity less secure and more expensive. I would hope that you'll agree with me and your future colleagues, Commissioners Moeller and Clark, that FERC must be a stronger voice for balance.

I would think that one immediate step would be for the FERC to accept a request that I made last week with Chairman Upton and Whitfield to convene a technical conference on this subject as soon as possible.

Again, I'm glad that we have this hearing this morning. Given the controversy surrounding the Commission and its work since 2009, I think we need to make sure that as a committee we give Ms. Honorable sufficient time to provide thorough and complete answers to the questions that Senators may submit for the record.

I would also like to remind my colleagues that we've got 6 nominations pending on the Senate calendar that have been approved by the Energy Committee. We did process a couple today. But most of the nominees are for the Department of Energy. They've been pending since January, if not longer.

I have told Secretary Moniz and I think we would all agree that he deserves to have his team in place. So I would hope that we can clear those nominees before the end of this Congress, including that of Ms. Honorable.

Senator WYDEN. Thank you.

We have 2 colleagues with a very tight time schedule.

Senator Stabenow is going to have to leave.

Senator Baldwin has to preside on the Floor.

So if both of you could make short statements that would be great.

**STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR  
FROM MICHIGAN**

Senator STABENOW. Thank you, Mr. Chairman.

I will be very brief. I will not be able to stay for the hearing, but I did want to indicate for the record 2 things.

One, I did have the opportunity, I appreciate, to meet in my office with Ms. Honorable and will be supporting her.

I also did want to indicate that we did discuss in my office a very serious situation affecting the families and businesses in the Upper Peninsula in Michigan in the issue before FERC. It does involve both some legislation that we've introduced, House/Senate bipartisan legislation, but also actions before FERC. I'm going to be working very closely and urging FERC to make the right decision as it relates to distribution of costs regarding a very critical project in the UP.

So, thank you.

Senator WYDEN. Very good.

Senator Baldwin.

**STATEMENT OF HON. TAMMY BALDWIN, U.S. SENATOR  
FROM WISCONSIN**

Senator BALDWIN. Thank you, Mr. Chairman.

I am grateful for an opportunity to, rather than ask questions, at least make a brief opening statement and put the issues that I have into the record.

Mrs. Honorable, I was very happy to have a chance to speak with you earlier and also support your nomination to the FERC.

We had a chance to cover 3 issues of great consequence to the State of Wisconsin and the region.

One of them relates to the reliability of rail, freight rail transport of coal, to our regional power companies. We are hearing alarming reports that there are low stocks as we face the onset of winter, unreliable service, unpredictable service and obviously, this has an impact on reliability. So I want to underscore what Ranking Member Murkowski just said about the importance of interagency dialog. I will want a commitment that FERC will engage with the Surface Transportation Board to ensure that these reliability issues are addressed.

Also, I understand the value of the idea of technical conferences where FERC and the STB and industry convene to find solutions to supply issues that threaten grid reliability.

Two other quick issues that were raised during our conversation that I'm very concerned about.

This committee heard me talk many, many times last winter about the propane crisis that hit the Upper Midwest as well as other regions of the United States when stocks were alarmingly low. There were multiple agencies that were involved in a response. We've drafted legislation that came out of a hearing that was held by this committee. But I want to identify, again, that FERC played a very specific role in using an emergency authority that it had never used before to mandate that one of the batch pipelines be set aside for propane only to alleviate this crisis.

Since it was the first time FERC had ever used it, we want to make sure that that emergency power would be available in the future and that they've worked out any issues relating to that authority.

The last thing I want to just address really briefly. I know this affects many States, as it does ours. But as we see manufacturers and utilities plan on pivoting from coal to increasing use of natural gas in the coming years, you know, they're certainly contemplating this and doing this to take advantage of low prices, update their processes, reducing pollution.

It's not unique to my State. It's a transition that's being experienced across the country. But we know that it's going to result in a cumulative increase in domestic demand that's going to require careful monitoring and review. FERC plays an important role in ensuring this transition will be smooth and successful.

So I want to know how Ms. Honorable and FERC will work to ensure that cumulative increases in demand for natural gas are modeled and considered in our infrastructure planning.

So with that, again, thank you for letting me get in a few words before I dash to the Floor.

Senator WYDEN. Thank you, Senator Baldwin.

We're fortunate this morning to be joined by our 2 thoughtful colleagues from Arkansas, Senator Pryor and Senator Boozman. They'll introduce the nominee. I think it's fair to say we often have Senators introduce their constituents to the committee but it is not a frequent occurrence that a Senator, who hired the nominee that they're introducing and that is the case with Senator Pryor and Ms. Honorable is here with the committee.

So, Senator Pryor, I know you feel strongly about this nominee. That's important to us. Please proceed.

#### **STATEMENT OF HON. MARK PRYOR, U.S. SENATOR FROM ARKANSAS**

Senator PRYOR. Thank you very much. Thank you to all the members of the committee for having me here today. I'll just be very brief.

But I do feel very strongly about this nomination because I know Colette. I know her well. I've known her for years. She will be an outstanding member of the Federal Energy Regulatory Commission.



I've known her since my time in the Attorney General's office. She was one of the first people I hired when I came into the office. I've just seen her grow and blossom and seen her career just take off. It's been a great thing to see.

Currently or she has just been the Chairman of the Board and President of the National Association of Regulatory Utility Commissioners, NARUC. In that capacity she's had the opportunity to talk to her colleagues. She's on the State Public Service Commission. But she's had the opportunity to talk to her colleagues all over, from all over the country, and to hear their concerns and hear how they do it. I think it's a great training ground for her to be on the FERC.

I don't want to take much more of the committee's time. But, you know, when you think about Colette Honorable, once you get to know her, she's honest. She's fair. She listens. She works harder than anyone I've ever seen. I just think she'll be a great commissioner.

Just by virtue of Senator Boozman sitting here with me you see that she has across the board support in Arkansas and that's not just partisan support from business, consumer groups, etcetera, etcetera. I think you'll find that around the country as well. Anyone who has any exposure to her will wholeheartedly endorse her effort to become part of the FERC.

So again, thank you very much for having me here.

Senator WYDEN. Senator Pryor, thank you. Thank you for your support.

I told Ms. Honorable given your connection when you look at her relationship with you, she is running with the right crowd. We very much appreciate your being here.

Senator Boozman, I've always admired your input. Please, go ahead and make the comments that you seek.

#### **STATEMENT OF HON. JOHN BOOZMAN, U.S. SENATOR FROM ARKANSAS**

Senator BOOZMAN. Thank you, Chairman Wyden and Ranking Member Murkowski, very much for allowing me the privilege to introduce Colette Honorable, the current Chair of the Arkansas Public Service Commission and the President's nominee to an important seat on the Federal Energy Regulatory Commission.

I didn't hire Ms. Honorable and yet certainly after getting to know her, I certainly would hire her. I guess that's really what this is all about.

I also want to welcome her family, her sisters, Pam Smith and Coleen Jeter and her daughter, Sydney. I'm sure that Colette is very proud of them in being here. I'm also glad that they took the time to travel here to show their love and support.

Chairman Honorable served on the Arkansas Public Service Commission for over 7 years. During that time she's earned the deep respect of Arkansas. Her experience includes served as President of the National Association of Regulatory Utility Commissioners and prior service as Executive Director of the Arkansas Workforce Investment Board.

Colette has practiced law for over 18 years from her time as a public defender through her service in the Attorney General's of-

fice. She has built an excellent reputation as a person of high integrity.

In Arkansas our electricity rates are the fourth lowest in the country. Colette understands that affordable energy is very important to the creation of jobs and opportunity. She can also be proud of her work to encourage energy efficiency and conservation. Most importantly and the reason why I'm very comfortable endorsing her is that I believe that Colette is dedicated to the principles of fairness and the role of law, principles that will continue to guide her.

She has a reputation as a straight shooter and an independent regulator. As you know FERC has the important responsibility of regulating the interstate transmission of oil, electricity and natural gas, as well as reviewing and licensing other major energy projects. I believe that Chairman Honorable's experience, knowledge and fairness have prepared her for these important responsibilities. I'm proud to introduce her today and express my strong support for her nomination.

Thank you very much.

Senator WYDEN. Thank you, Senator Boozman.

In my view, she's lucky to have you in her corner. I appreciate it.

Both of you are welcome to stay, but I know you've got busy schedules with the week being hectic. We'll excuse you at this time.

OK.

The rules of the committee which apply to all nominees require that they be sworn in connection with their testimony.

So, Ms. Honorable, if you could stand and raise your right hand.

Do you solemnly swear the testimony you're about to give to the Senate Committee on Energy and Natural Resources shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. HONORABLE. I do.

Senator WYDEN. Thank you.

You can be seated.

Before you begin your statement, Ms. Honorable, I need to ask 3 questions addressed to each nominee before the committee.

The first is will you be available to appear before the committee and other Congressional Committees to represent departmental positions and respond to issues of concern to the Congress?

Ms. HONORABLE. I will.

Senator WYDEN. Are you aware of any personal holdings, investments or interests that should—could constitute a conflict of interest or create the appearance of such a conflict should you be confirmed and assume the office to which you've been nominated by the President?

Ms. HONORABLE. My investments, personal holdings and other interests have been reviewed both by myself and the appropriate ethics counselors within the Federal Government. I've taken the appropriate action to avoid any conflicts of interest. There are no conflicts of interest or appearances thereof, to my knowledge.

Senator WYDEN. Are you involved or do you have any assets that are held in a blind trust?

Ms. HONORABLE. No, I do not.

Senator WYDEN. Alright.

Ms. Honorable, we have had a long tradition in this committee, one that I like very much, of having our nominees introduce any members of the family that are with them today. Is there anyone you would like to introduce?

Ms. HONORABLE. Thank you, Mr. Chairman.

I'm honored to be joined here today by my sweet daughter, Sydney Marie, who is 13 and also my twin sister, Coleen Jeter. She resides in Atlanta, Georgia and my sister Pamela Smith, who lives in Little Rock.

Senator WYDEN. I bet they're all sweet, not just the first one.

Ms. HONORABLE. That's right. They all are.

Senator WYDEN. Alright.

Ms. Honorable, you're now recognized to make your statement. Your written statement will be included in the record in its entirety so you may summarize your prepared remarks and just go ahead.

**TESTIMONY OF COLETTE D. HONORABLE, NOMINEE TO THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Ms. HONORABLE. Thank you.

Mr. Chairman—Chairman Wyden, Ranking Member Murkowski, members of the committee, good morning. My name is Colette Honorable and I'm honored to sit before you today as a nominee to serve as Commissioner on the Federal Energy Regulatory Commission.

I'm grateful to President Barack Obama for this opportunity to serve. If confirmed, I'm certain it will be the highest honor in my lifetime.

I would also like to thank Chairman Landrieu for scheduling this hearing.

I'm appreciative to both of my home State Senators, Senators Mark Pryor and John Boozman, who have shown such a wonderful, bipartisan leadership. Certainly you've heard that I've had the honor of working for Senator Mark Pryor. Therefore I learned up close what it means to truly serve others and to put Arkansas first.

I'm also grateful to Arkansas Governor, Mike Beebe, who has supported my career in public service and has been a wonderful mentor and friend.

I'm thankful to my incredible family. I've introduced those here today. I also want to acknowledge my mother, Joyce Dodson, who has been such an inspiration to me, my in-laws, William and Maggie Honorable and also want to thank my brothers and the rest of my family. I have a wonderful support team.

My husband, Rickey, is here with me in spirit today. He strongly encouraged me to pursue this incredible opportunity.

The Federal Energy Regulatory Commission is an independent agency charged with ensuring just and reasonable rates, wholesale rates, by public utilities and to ensure that such service is not unduly discriminatory or preferential. Among other duties FERC is charged with overseeing the reliability of the bulk power system and regulates construction of new pipeline, LNG and hydropower projects nationwide.

I believe that I'm well suited to serve on the Federal Energy Regulatory Commission at this time. I do believe that public service is my calling.

I began my legal career at legal services. I've also worked as a consumer protection attorney in civil litigation and as a Department of Medicaid Fraud Special Prosecutor before serving as then Attorney General Mike Beebe's Chief of Staff.

As you've heard I've served in a cabinet level work force position which taught me the importance of energy in the economic work force development arena.

I was appointed to the Arkansas Public Service Commission in October 2007. Since that time I've worked in a number of capacities there as Commissioner, Interim Chairman and now as chairman, a position I've held since January 2011.

As chairman of the PSC I've overseen an agency charged with ensuring safe, reliable and affordable retail electric service. Our Commission has jurisdiction over approximately 450 utilities with annual jurisdictional revenues of approximately \$5 billion. Therefore, I've participated in rate case proceedings, plant acquisitions, transmission build out applications, regional transmission efforts and other transactions to ensure that Arkansas has a reliable grid and diverse generation mix.

We're also proud that we use all sources and resources to ensure affordability and reliability for Arkansas consumers. Therefore, we truly employ an all of the above approach.

Arkansas leads the south and southeast in comprehensive energy efficiency programs. Our electric rates are consistently among the lowest in the Nation. Arkansas also has one of the most prolific shale plays in the Fayetteville Shale of which we're proud too.

My Commission also ranks first in pipeline safety transparency nationwide.

As you've heard I've served as President of NARUC. I was elected by my peers to lead our association on many issues including pipeline safety, reliability and resilience efforts and fuel and work force diversity. I've worked with government and industry on behalf of our 200 plus member commissioners and the consumers that they serve. I've testified before Congress including this committee on multiple occasions and have advocated for infrastructure development to ensure safety and efficiency, increased reliability and resilience efforts, diversity of energy and of our energy work force.

My peers have described me as fair, pragmatic, moderate and a hard working leader, who is able to build consensus across party lines for common goals.

If confirmed to serve at FERC I would continue to build upon the work which began so many years ago in my beloved Arkansas, a place that's taught me so much, to do good, to listen to the opinions of others, even when we don't agree, to respect others and to serve, the least of these.

This is an exciting time to work in the energy sector but it's also a challenging time. I believe that I'm up for the challenge. If confirmed I would be committed to carrying out the duties and obligations of the position of Commissioner of the Federal Energy Regulatory Commission.

This concludes my testimony. Thank you for the opportunity to appear here today. I'm happy to answer any questions that you may have.

[The prepared statement of Ms. Honorable follows:]

PREPARED STATEMENT OF COLETTE D. HONORABLE, NOMINEE TO THE FEDERAL  
ENERGY REGULATORY COMMISSION

Chairman Wyden, Ranking Member Murkowski, Members of the Committee, good morning. My name is Colette Honorable and I am honored to sit before you as a nominee to serve as a Commissioner on the Federal Energy Regulatory Commission.

I am grateful to President Barack Obama for this opportunity to serve and, if confirmed, it will be the highest honor in my lifetime. I would also like to thank Chairman Landrieu for scheduling this hearing.

I am appreciative to both of my home state senators: Senator Mark Pryor and Senator John Boozman and the bipartisan leadership they have displayed. I had the honor of working for and with Senator Pryor and saw up close what it means to truly serve others, and to put Arkansas first.

I am also grateful to Arkansas Governor Mike Beebe who has supported my career in public service and has been a wonderful mentor and friend.

I am thankful to my incredible family. I am joined today by my daughter, Sydney Marie, my twin sister Coleen and my sister Pam. I want to also acknowledge my mother, Joyce Dodson, who has been such an inspiration for me, and my in laws, William and Maggie Honorable. I also thank my brothers who are such a support to me. My husband Rickey is here with me in spirit today, and he strongly encouraged me to pursue this wonderful opportunity.

The Federal Energy Regulatory Commission is an independent agency charged with ensuring just and reasonable wholesale rates by public utilities, and to ensure that such service is not unduly discriminatory or preferential. Among other duties, FERC oversees reliability of the bulk power system and regulates construction of new pipeline, LNG and hydropower projects nationwide.

I believe I am well suited to serve on the Federal Energy Regulatory Commission. Public service is my calling.

I began my legal career at Legal Services, and worked as a consumer protection attorney, in civil litigation, and as a Department of Medicaid Fraud special prosecutor before serving as then-Attorney General Mike Beebe's Chief of Staff. served in a cabinet-level workforce position, which taught me the importance of energy in economic workforce development. I was appointed to the Arkansas Public Service Commission in October 2007 and I have served at all levels at the PSC-commissioner, interim chairman, and now as Chairman of the agency, a position I've held since January 2011.

As Chairman of the PSC, I have overseen an agency charged with ensuring safe, reliable and affordable retail electric service. The Commission has jurisdiction over approximately 450 utilities which have annual Arkansas jurisdictional revenues of approximately \$5 Billion dollars. I have participated in rate case proceedings, plant acquisitions, transmission buildout applications, regional transmission efforts and other transactions to ensure Arkansas has a reliable grid and diverse generation mix. We are proud that we use all sources and resources to ensure affordability and reliability for Arkansas consumers. We truly employ an all of the above approach. Arkansas leads the South and Southeast in comprehensive energy efficiency programs and our electric rates are consistently among the lowest in the nation. Arkansas also has one of the most prolific shale plays, the Fayetteville Shale, and we're proud of that too. My Commission also ranks first in pipeline safety transparency nationwide.

I have served as President of the National Association of Regulatory Utility Commissioners. I was elected by my peers to lead our Association on many issues, including pipeline safety, reliability and resilience efforts, and fuel and workforce diversity. I worked with officials and executives at the highest levels of government and industry on behalf of our 200-plus member commissioners and the consumers they serve. I testified before Congress, including this Committee, on multiple occasions, and have advocated for infrastructure development to ensure safety and efficiency, increased reliability and resilience efforts, diversity of energy and of our energy workforce.

My peers have described me as a fair, pragmatic, moderate, hardworking leader who is able to build consensus across party lines for common goals.

If confirmed to serve at FERC, I would continue to build upon the work which I began several years ago in my beloved Arkansas, a place that has taught me so

much: To do good; to listen to the opinions of others even when you don't agree; and, to respect others and to serve the least of these. This is an exciting time to work in the energy sector, but it is also a challenging time. I am up for this challenge. If confirmed I would be committed to carrying out the duties and obligations of the position of Commissioner at the Federal Energy Regulatory Commission.

This concludes my testimony. Thank you for the opportunity to appear today and I am happy to answer any questions you may have. 5

Senator WYDEN. Thank you very much, Ms. Honorable.

I noted your comment of this being a very challenging time because I and Senator Cantwell and other members of the Finance Committee have been very much involved in this debate with respect to renewable energies that is part of the tax extender debate. We've seen a real evolution in renewable technologies, you know, recently with making considerable headway toward price, you know, competitiveness. I want to do everything I possibly can to advance those kinds of policies.

I also want to note that at FERC you are not in the business of laying fossil verses renewables. That is not part of the agency's statutory mandate. I've expressed my personal views. Why I'm going to have to leave here shortly because I'm continuing that kind of effort to ensure that as part, particularly of the tax debate, we start moving toward technological neutrality and something resembling parity between the various kinds of energy sources.

Now, in the Pacific Northwest we do feel very strongly about our region being able to maintain its historic independence. You and I have talked about that in the office. We discussed order No. 1 thousand where the agency, in effect, required Bonneville Power and other utilities in the Northwest to seed significant transmission cost allocation authority to FERC. Our region, sort of, every particular political philosophy and sector feels that this was a substantial over reach. I'd like you and I appreciate your answer in the office, but I think we need to get this on the record.

I want to make sure that you will support policies that keep the locus, keep the place, of Northwest electricity decisions in the Northwest as opposed to shifting authority to FERC headquarters in Washington.

Ms. HONORABLE. Thank you, Senator and Mr. Chairman, for the question.

Indeed as a State regulator I'm very experienced with working with regional transmission organizations, independent system operators, interacting with FERC and other energy stakeholders surrounding these specific issues. The greatest thing I've appreciated is the diversity of the States, the diversity of the regions and the ability of each region and State to plan very thoughtfully and deliberately with experts what works best for them.

I'm certainly committed to upholding the important tenant that participation in any regional transmission organization or ISO is voluntary. That we should allow the States and regions to continue to make decisions that work best for them.

I would hesitate to speak directly about anything that might touch on a pending matter. I'm certainly aware of the order one thousand issues and more importantly the fact that there are varied issues among the regions.

Senator WYDEN. You'll always do well up here when you talk about the diversity of the States in the energy field.

Ms. HONORABLE. Thank you, Senator.

Senator WYDEN. For what it's worth, unsolicited counsel.

[Laughter.]

Senator WYDEN. Second, in my part of the country we obviously have base load power as hydro, in particular. We have some unique challenges there as well. Last month, FERC issued an order upholding Bonneville's ability to set rates that address this concern and balance the need of hydro with other energy sources, particularly renewables.

If confirmed, can we count on you to continue this precedent?

Ms. HONORABLE. Yes.

Senator WYDEN. OK.

We also want to work with you as we discussed in the office to explore additional measures such as a regional energy in balance market so we could compensate for changes in energy generation, again, from what has been our focus which is renewables. There have been some unexpected challenges, as you know, in rolling out California's in balance market. So, I think, it's fair to say in our part of the country we would like a slower, essentially more voluntary, approach.

We don't want any more Enron scams in the Pacific Northwest. If you need any background on Enron, certainly talk to my colleague, Senator Cantwell, who, I think, knows more about Enron than anybody around.

So, can you ensure us that if confirmed FERC will not try to impose new market mechanisms on the Northwest?

Ms. HONORABLE. I can confirm that. I will also confirm that, if confirmed for this post, I will uphold the tenant that it's voluntary participation in the markets.

Senator WYDEN. We've also been interested in your involvement in reliability and grid security kinds of issues which are increasingly important for a variety of reasons whether about terrorist threats, a whole host of concerns. What steps have you taken in your role at NARUC and in Arkansas on the issue to promote reliability and grid security?

I'd be interested. Make it a 2 part question.

What have you done in the past?

What do you think need to be done in the future?

Ms. HONORABLE. OK. Thank you.

With regard to what I've done in the past certainly in Arkansas we've been very focused on reliability. I participate in leadership roles in both the MISO, the organization of MISO States which is comprised of commissioners throughout the Midwest, focus very heavily on reliability.

Also at the national level with reliability was one of my top themes of work in this past year. In conjunction with that work and I will couple it to with resilience efforts. Reliability certainly speaks to ensuring that when consumers flip the switch, the lights come on and that things are moving along smoothly, as they should.

Resilience, however, refers to our ability to prepare for disruptions to the grid and to be able to respond quickly from severe weather events, cyber security, physical security, geomagnetic disturbances and the like. So, in my year as NARUC President we

partnered with the National Academy of Sciences to literally roll out this work throughout the country, even in the Pacific Northwest, to focus and aid communities in preparing practically to respond in these situations. I think that that response would address both reliability and grid security issues.

I must also add, with regard to grid security, I've participated in the Electric Sector Coordinating Committee which is chaired by the Department of Energy and the White House, but it is comprised of a number of stakeholders throughout the country, industry, various Federal entities, security entities, NERC, FERC, other bodies. NARUC has certainly had a seat at the table where we are focused on ensuring that we're contemplating what those challenges are that could soon come and how we respond to them. Certainly the past few years, as this committee is well aware, we've encountered, certainly, both cyber security attacks and physical security attacks.

Going forward, if confirmed, I will certainly commit to staying abreast of the current issues, the current challenges. As my experience has demonstrated, I'm certainly willing to participate in any way necessary to ensure that we meet these tenants.

Senator WYDEN. Thank you very much.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Ms. Honorable, thank you for your comments here this morning. I am following on the chairman's remarks here about the issue of reliability. As you and I discussed, this is a key area of concern for me. Thus I was pleased for your personal commitment to me that you were going to be very mindful of the reliability piece and to also formally recognize FERC's responsibility to safeguard that role, particularly as we see rules that seem to keep coming.

So it wasn't a surprise to see your comments, as Chairman of the Arkansas Public Services Commission, when you commented on EPA's proposed clean power plan. The statement that you made, as it referenced the Arkansas goal, the terminology that you used was you stated it's technically flawed and is unattainable under the contemplated timeframe. You then went on to say that the proposed rule should be clarified and changed in various ways to better enable compliance.

I would certainly acknowledge the concerns that you have raised there. The question then going forward, should you be confirmed as a FERC Commissioner, which I'm assuming you will be, is how you will fulfill FERC's mission of ensuring this grid reliability as well as ensuring that the rates are just and reasonable in face of this proposed 111(d) rule?

Ms. HONORABLE. Thank you, Senator.

As I've demonstrated, hopefully from my experience, both reliability and affordability are key, key to providing reliable electric service to homes, to businesses, to industry.

I've demonstrated certainly also leadership in this regard at home. I have, in conjunction with the Arkansas Department of Environmental Quality, convened a 111(d) workshop. We have brought together more than 20 stakeholders of diverse perspectives, including our regional organizations, to walk through what this proposed rule would mean for us.

Can we reach the goals?



What is the economic impact on Arkansas?

Ultimately, how it might impact reliability?

As we've seen throughout the country, there are a number of regional transmission organizations and independent system operators that have provided some preliminary information of their perspectives. Certainly some have raised some concern that there could be reliability impacts.

So therefore, I've demonstrated that I'm up to the task, that I've been involved in, certainly as President of NARUC, of overseeing the collaborative effort among the State economic regulators and the commissioners at FERC to ensure that we are working together through workshops on reliability, on gas/electric coordination, thinking about what the future might hold.

If confirmed to serve as a Commissioner at FERC, I will commit to you, Senator, that I will continue to participate, continue to be a productive part of our mission to ensure reliability.

Senator MURKOWSKI. Let me ask then, because I mentioned in my opening that I have recently sent a letter over to the Chairman at FERC to request that the Commission convene this technical conference to hear formally from DOE, other stakeholders, about the concerns that have been raised in the NERC report relating to the clean power plan. I have requested that, I think, that it is important to not only examine that proposal, but other pending regulations that might be coming forward that will impact grid reliability.

Do you support having FERC convene a technical conference such as I've requested?

Ms. HONORABLE. Senator, I would certainly support any effort to get the stakeholders together and also for FERC to provide that necessary guidance to the EPA.

Senator MURKOWSKI. I do think that it is something that should be encouraged. I think we recognize and you certainly do that when you have these issues coming at you that to have that expertise at a technical conference to drill down is greatly important.

I, again, with the conversation that we had, I just want to hear your commitment on the record here that as a FERC Commissioner you will act in a meaningful, specific and a measureable way to ensure that FERC's expertise and the expertise of the electric reliability professionals is brought to bear in this interagency dialog that we've been talking about as it relates to the rulemakings that may have a negative impact on reliability. I would just like your affirmation that that is your intention.

Ms. HONORABLE. That is absolutely my intention, if confirmed.

Senator MURKOWSKI. I appreciate that. I will ask again just to put on the record whether or not you will support a formal, documented process for FERC's interaction with EPA and DOE on rules and other initiatives that bear on electric reliability.

Ms. HONORABLE. Senator, certainly the chairman of FERC would set the course. I'm certainly aware, based upon the response that Chairman LaFleur has provided that they are already contemplating ways to participate. Certainly wouldn't want to get ahead of her on that.

If the chairman chose to move forward with the technical conference I would wholeheartedly support that.

Senator MURKOWSKI. Great.

I appreciate your focus on reliability. Thank you for the responses.

Ms. HONORABLE. Thank you, Senator.

Senator WYDEN. Senator Cantwell.

Senator CANTWELL. Thank you, Mr. Chairman.

Thank you, Ms. Colette Honorable, sorry, Honorable, Honorable, thank you for your interest in this post. I think your unique background in work force provides an interesting viewpoint too, something that may not be directly in charge of FERC, but I think the committee is always interested in how we build a more sustainable work force in our energy policy since there's such a growth there.

I want to get back to this basic question though that my colleague, the chairman asked, as it relates to the Northwest. I think you understand, you know, being a 70 percent reliant hydro State in cheap hydro.

Ms. HONORABLE. Yes.

Senator CANTWELL. It has rebuilt our economy over and over and over and over and over again from storing apples to storing bits. So we do not want anything that jeopardizes that. So when you say you will support a voluntary market, first of all we don't like regional transmission organizations that would artificially increase the cost of hydro. The answer to that is no.

Ms. HONORABLE. Yes.

Senator CANTWELL. No.

We certainly don't support any efforts that manipulate the price of electricity which we saw in spades as it related to the ISOs and RTOs that were established in California.

What I have a concern about your comments as it relates to a voluntary organization is, what I want to know from you is, if FERC, in your authority of just and reasonable rate setting, saw that even a voluntary market was distorting just and reasonable rates that FERC would take action to ensure that there were just and reasonable rates in an area like the Pacific Northwest?

Ms. HONORABLE. Indeed, Senator. Let me say the hydro that the Pacific Northwest possesses is something to be proud of. It's something, the diversity and the ability of States and regions to harness their own potential to ensure reliable, affordable energy is something that should absolutely be protected. I want to be very clear that, if confirmed, I would be committed to ensuring that not only the markets are operating fairly, that we ensure that participation is voluntary.

But more importantly that the markets are operating fairly, that there is no manipulation in the markets, that fuels are able to compete fairly and also that when there is such an occurrence that we are vigilant and responsive, I will commit to that.

Senator CANTWELL. OK. But I just want to clarify because again, you used the word voluntary.

What I want to understand is if a voluntary RTO distorted the price of hydro and made it more expensive would you support FERC making sure that those rates were just and reasonable and not artificially increased?

Ms. HONORABLE. Yes, I would.

Senator CANTWELL. Thank you.

Ms. HONORABLE. Certainly it would be based upon an application filed and but absolutely I would commit to that.

Senator CANTWELL. I don't know about, you know, I don't think anybody filed an application in the California ISO case, maybe they did.

Ms. HONORABLE. There is one. I'm trying to be—

Senator CANTWELL. Previously, I'm saying now we're talking 2001. I mean, you know, we were all talking about other policies and the next thing you know the California market deregulated and we all paid a price for a long, long history here.

So, you know, I'm—the use of just saying FERC isn't going to condone it, but hey, voluntarily you can go and do this, I think is problematic. Got to have just and reasonable rates. Hydro is not looking to be artificially increased.

We all want to figure out how to, as you've done in Arkansas, keep rates, as you say, some of the lowest in the country, and focus on efficiency to drive down those costs even more.

So, I thank you for that answer.

OK, back to my, you know, colleagues also talked about grid reliability which your leadership at NARUC probably provided you a great deal of expertise in that particular area. How much do you think that the smart grid applications, you know, from synchphasers to other types of things are part of what can help make us more secure? How much is making us secure also making implementation of the smart grid strategy?

Ms. HONORABLE. Senator, I believe that smart grid technologies and quite frankly, a number of technologies are able to ensure and support grid reliability, grid diversity. I've been enlightened by that, about that, through my participation in a White House Smart Grid Working Group where regulators from NARUC were brought together with the technical world.

We normally live very separate lives. But understanding how we can use the power of technology to provide and ensure 2 way communication to benefit both consumers of energy and providers of energy. Also through my participation with the Electric Power Research Institute where they are presently studying the value of the integrated grid which includes a number of very diverse participants in supporting grid security, reliability and technology is key among them.

Senator CANTWELL. Thank you. My time is expired.

Thank you, Mr. Chairman.

Senator WYDEN. Thank you, Senator Cantwell.

Let's see, Senator Hoeven is next.

Senator HOEVEN. Thank you, Mr. Chairman.

It's good to see you again here today and thank you so much for stopping by my office. I appreciate it very much.

Ms. HONORABLE. Thank you.

Senator HOEVEN. I'd like to start out with in order to build an energy plan for this country where we're truly energy secure we've got to have the infrastructure to do it.

Talk to me for a few minutes, if you would, about what you see FERC's role is in ensuring that we build the necessary infrastructure to have energy security for our country?

Ms. HONORABLE. Thank you, Senator.

A few ways in particular that FERC can support the infrastructure development.

One is by ensuring that the markets are sending proper signals to investors and to others who want to support infrastructure, upgrades, build outs, to ensure that we're getting the power in all of the resources where they need to be.

Certainly I've spoken about FERC's role to ensure just and reasonable rates. That's a key way.

Another way that maybe you don't read specifically in what FERC's roles would include would be providing regulatory certainty.

Hearing, being consistent with the—with honoring what the law says, the rule of law and ensuring that we're issuing orders in a timely fashion.

Those are a few ways.

Senator HOEVEN. How do you make sure that applicants can get through the process where we certainly make sure that they're doing things right and well but that they can get through the process in an expeditious manner so they're encouraged to make the investment in new transmission and other infrastructure that we need?

Ms. HONORABLE. Indeed.

As a State regulator I'm very cognizant of this specific issue where investor owned utilities or others come to us with a request, with a request to construct a transmission line or to offer a particular rate to a newcomer in economic development. It's important that, as I mentioned, that we follow the law. But that, for instance, with regard to a pipeline application there's a pre-filing period which allows the parties to work with FERC and others to ensure that they work out the bumps in the road and the kinks to ensure that when the formal application process gets underway that it will be done as seamlessly and quickly as possible.

I understand that, in particular with those applications, FERC does by and large respond to them within the year. However, the law requires FERC to, for instance with regard to a project to make a determination regarding safety and environmental impacts, in the locale where the project would take place. This also requires FERC to get input from other Federal agencies, to comply with NEPA and other Federal laws. So much of that timeline is constrained by what the law says.

If confirmed, I would be, certainly, I would be more than willing to uphold the law but more importantly, I would be open to any suggestions that you may have or others for ways to streamline those processes so that we're not only providing regulatory certainty, that we're responding in a timely fashion, but that also sends a signal of confidence to the market and to the investors and also provides some degree of certainty about the process.

Senator HOEVEN. What's your view on LNG export?

Ms. HONORABLE. I have certainly, generally supported the notion. I think, and I've also noted that DOE conducted a study some time back that determined that within certain ranges that there would not be a significant impact on domestic prices. That's very important. It would be prudent for DOE to undertake that exercise.

We certainly don't want to harm domestic prices in our ability to harness this resource and participate in the global gas market.

Senator HOEVEN. Do you think LNG will adversely impact the domestic market?

Ms. HONORABLE. No, not at this time.

Senator HOEVEN. How do you—how do we expedite the citing of transmission lines, electric transmission lines? How do we expedite that citing process?

Ms. HONORABLE. Certainly I can speak to this from a State regulatory perspective.

It's important for industry to, much in the way that I described about this informal process that takes place ahead, for the relevant entities to ensure that they've worked out some of those conflicts. So that when they present the various options to be considered by the regulatory authority the process can move seamlessly.

I would be committed to dotting the "I"s, crossing the "T"s and by that I mean following the law, ensuring that due process is observed, but moreover, ensuring that we provide the applicant with a timely and certain response.

Senator HOEVEN. I think that's very important.

We need more electric transmission.

Ms. HONORABLE. I agree.

Senator HOEVEN. You know, we need to build out the grid. We need safety, security, but certainly more transmission. This will be an important role for you.

Ms. Honorable, thank you. I think you bring an outstanding track record.

Ms. HONORABLE. Thank you.

Senator HOEVEN. Resume to this job. Great to have you here today. Thank you.

Ms. HONORABLE. Thank you, Senator.

Senator WYDEN. Thank you, Senator Hoeven.

Senator Manchin is next.

Senator MANCHIN. Thank you, Mr. Chairman.

Thank you for being here and putting your name up so that we could have someone of your caliber to serve this great country of ours.

I was so amused when I was first introduced to you and they said there is a Colette Honorable. I said you mean, Honorable Colette, don't you? Before I knew your last name was Honorable.

They said, no. This is not a title. This has real meaning to it.

[Laughter.]

Ms. HONORABLE. Thank you, Senator.

Senator MANCHIN. So I appreciate so much.

Let me just say that everybody has basically touched on and we're all concerned about what we have in every area of the country to be represented properly. I've been so impressed because you're looking at an all in energy policy for our country, to use all the resources in the most balanced, environmental and economic way possible, taking both of those in consideration. As, I think, Senator Cantwell said one size doesn't fit all.

Ms. HONORABLE. Yes.

Senator MANCHIN. In West Virginia we don't have the luxury of hydro, but we have energized this country for many, many years

and given it the coal and now we have the natural gas. So we want to continue to be able to provide whatever energy that we can for this Nation. We just want a balanced, level playing field that we can work within. We don't really get that right now.

I think if you can comment on the polar vortex and what you've been able to study about that. How close we came to a shutdown which would have been horrific for a lot of people's lives. People that are harmed the most are those in the low end of the socioeconomic totem pole and the elderly and frail.

How close are we to being in that position again with another polar vortex based on our base load of power which is a coal and nuke and most of the coal coming, old plants coming offline and nothing new to retake its place as far as in base load. I'm concerned about that. That gets back to reliability.

My final question would be and you can answer in any order you want to. What's the greatest challenge you think that when you are, not if you are, but when you are confirmed, will be taking on as a new member of FERC trying to look at the challenges you think is the most pressing this country is facing?

Ms. HONORABLE. Thank you.

Senator, if you don't mind, I'll take the last one first.

Senator MANCHIN. OK.

Ms. HONORABLE. The greatest challenge that I perceive from my experience as an economic regulator and also interacting with the FERC Commissioners is reliability. It's reliability in a number of respects. I spoke about it earlier.

In many ways we need to think about, not only reliability, but resilience efforts. There are so many potential interferences with the ability to provide reliable and resilient service to, as you mentioned, businesses, communities, nursing homes, schools, to the, as one of our State legislators said, the little old lady at the end of the road, what that truly means. Reliability is certainly a top priority for me in my daily work. If confirmed, it would continue to be.

As I think about the polar vortex and reflect upon what occurred and the lessons learned. Certainly I read somewhere a saying that the grid bent but didn't break. We were certainly challenged.

It was challenging in a number of respects, not only with regard to the ability to get the capacity where it needed to be. Certainly the base load capacity was key in that. But also the lives that were at risk.

I think the lessons learned from my perspective are these.

Coordination and collaboration is key.

The ability to move trucks and people from across the country to where they needed to be is an effort we hadn't undertaken before. But we were experiencing more and more severe weather events. We've had some this year. It will continue to be an issue we'll need to resolve together.

Who's on first?

Also the interplay and interconnection between electric and telecommunications and the telecommunications sector needed electricity to get up and running. The electric sector needed telecommunications. So we need to coordinate. I think that even indus-

try and other stakeholders that are nontraditional have learned that lesson as well.

FERC, I also observed with regard to propane, for instance, used a very limited authority for the first time ever to ensure that they got together the relevant stakeholders who agreed to allow the re-direction of a propane pipeline for a limited time and in a way that didn't impact industry and other suppliers, but to shore up reliability in an instance.

If confirmed, I would certainly be open to, I wouldn't want to prejudge this issue, but I would be open to entertaining the prospect of using that authority in order to ensure reliability in the future.

Senator MANCHIN. Let me just say my time is up, but I would like to say this, that it's just such a breath of fresh air because from this standpoint you're the first person that's been nominated to the FERC that's had, truly, the experience to do the job that we're asking you to do. That's have regulatory experience, being recognized by your peers, having that expertise to bring, immediately, to something, I think, is very vulnerable, our grid system and how we produce reliable, affordable and clean power in a balanced way.

So I really appreciate that and look forward to your taking the rein.

Ms. HONORABLE. Thank you.

Senator MANCHIN. Uh huh.

Senator WYDEN. Thank you, Senator Manchin.

Senator FRANKEN.

Senator FRANKEN. Thank you, Mr. Chairman of another committee.

[Laughter.]

Senator FRANKEN. I want to ask you like a very big, sort of, overarching future of the grid, kind of question.

We're seeing a transformation in the way electricity is generated and delivered in the United States which is challenging the, kind of, the centralized hub and spoke model of our grid. Because of energy efficiency electricity demand is down and this is saving households and businesses money. The plummeting prices of wind turbines and solar panels have driven more renewables and distributed power generation to the marketplace. We are developing more efficient and effective energy storage systems which will allow us to balance and manage increasing amounts of these intermittent clean energy sources.

My State of Minnesota is on track to be 25 percent renewable by 2025. It's working so well the State is actually looking at ways of increasing the target to 40 or even 50 percent by 2030. So the future of our grid will be fundamentally different than it is today.

David Crane, who is the CEO of NRG described this eloquently in his letter to stakeholders. He said that we were moving toward and I quote. "A post grid future, a future that is driven by renewables incorporating both energy storage and a sophisticated localized automation to balance production and load."

So, Ms. Honorable, I would like to hear from you your vision for the future of the grid. In your view what needs to be done to prepare for electricity delivery in this post grid future, as David Crane calls it?

Ms. HONORABLE. Thank you, Senator.

I must tell you that we look to Minnesota. You all provide such a great example in many ways in the energy sector. So I applaud you on all of the work that you've done.

The future of the grid, in my mind, and in my opening statement when I talked about this being an exciting time, it truly is when you think about the future and what the grid will and should look like in the future. I agree with Senator Hoeven, that we do need more transmission. But in doing so we allow a greater optionality that allows consumers to participate more greatly in their energy futures.

You've talked about energy efficiency. I'm proud of the work in Arkansas. We have—we lead the South and Southeast in our comprehensive energy efficiency programs. Certainly we don't hold a candle to you yet. But we're on our way.

Senator FRANKEN. It's because you've been using candles.

Ms. HONORABLE. Maybe so.

[Laughter.]

Ms. HONORABLE. Maybe so.

Senator FRANKEN. I don't even know why I said that, but go ahead. I'm sorry.

Ms. HONORABLE. You couldn't resist.

Senator FRANKEN. Yes, not that I can.

Ms. HONORABLE. But certainly the ability to integrate cleaner, more efficient resources is a must. Wind and solar, absolutely will be part of that future. They should be.

Storage is a key. Microgrids. When I talked about the value of the integrated grid effort that EPRI is undertaking, they're looking at all of these ways in which technology, innovation, cleaner energy sources and by the way, energy efficiency is at the top of that list, will come together in a way that ensure diversity, reliability and also a more nimble grid.

So I'm looking forward to seeing the grid of the future. If confirmed, I look forward to working to help make that happen.

Senator FRANKEN. I want to see a lot more energy production in working in island mode too, in terms of resilience.

Let me ask you about coal stockpiles that utilities over the past year in Minnesota we've seen them repeatedly drop to dangerously low levels due to the inadequate rail delivery of coal. At least 4 coal powered plants in Minnesota were shut down so that their stockpiles could be built back up before the cold winter months. In the end the cost of the unreliable rail service is passed on to the public who will have to pay for the more expensive replacement power that was purchased to make up for the lost generation.

Last month I sent a letter to FERC highlighting my concerns about Minnesota's utility's low coal stockpiles and asking FERC to work with all other stakeholders to find a solution to this ongoing issue.

Ms. Honorable, what do you think FERC should do to mitigate the problems that we're seeing with rail delivery issues which are shrinking coal stockpiles and unnecessarily driving up electricity prices in Minnesota?

Ms. HONORABLE. Certainly, Senator.



I sympathize with Minnesota's concerns. In Arkansas we've experienced a similar situation that occurred years ago. The industry is captive to when their shipments will arrive. The greatest concern for me is the very thing that you've said. It ultimately impacts everyday people and their ability to pay for this electricity.

Certainly from a State regulator's viewpoint it impacts reliability.

If confirmed at FERC and certainly I recognize that this issue is not purely within FERC's jurisdiction. I guess the Surface Transportation Board would have the primary oversight there. But I would commit to you that having had personal experience with understanding and working through a similar issue, I will be committed to working with the FERC Commissioners and working collaboratively and in ways maybe we haven't before to ensure that FERC is doing its part to send proper signals, to in any way possible, alleviate this concern.

I certainly would look forward to your thoughts and because you are up close and personal with this issue right now. I understand that you had, even over the summer possibly, some issues as well. So I'd be happy to visit with you.

Senator FRANKEN. Thank you very much.

Ms. HONORABLE. Thank you.

Senator WYDEN. Thank you very much, Senator Franken.

Ms. Honorable, there aren't any more questions. We're going to allow members until 5 tomorrow to submit additional questions for the record.

Senator WYDEN. I just want you to know we're going to do everything we possibly can to see if we can get you confirmed before the Congress wraps up. As you know this is not completely within our power and there are many, many nominations that are in the queue.

But I'm struck in terms of particularly how you've addressed some of these important issues, the question of diversity and recognizing the differences between the various parts of the country, the questions of grid security is obviously, and reliability is very important to members.

In effect, the FERC challenge is almost like a teeter totter, you know, everybody wants to keep prices as low as possible. This is something that I feel very strongly about. I essentially got my start in public service as Co-Director of the Oregon Gray Panthers. We were always concerned about the prices that seniors pay.

So, over here you've got to keep the prices down. Over here you've got to figure out how to ensure that people get adequate service. It's, kind of, a teeter totter here.

I will tell you based on what you have said today, based on your history and the significant bipartisan support that you've had today, I think you're going to do a good job of striking that balance on the teeter totter. It's not an exercise for the faint hearted, but I think you'll do it very well.

With that we wish you well and the committee is adjourned.

[Whereupon, at 12:40 p.m. the hearing was adjourned.]



## APPENDIXES

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### APPENDIX I

#### Responses to Additional Questions

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##### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR LANDRIEU

*Question 1. Midla Pipeline*—Over the past year there has been a great deal of controversy in Louisiana regarding an attempt by the American Midstream company, the owner of the Midla natural gas pipeline, to obtain authorization from the Federal Energy Regulatory Commission (FERC) to “abandon” most of the Midla pipeline and take it out of service. If this proposal had been adopted by FERC the result would have been a termination of affordable natural gas service to tens of thousands of customers in 9 parishes in Louisiana: Franklin, Catahoula, Ouachita, Richard, Tensas, Concordia, West Feliciana, East Feliciana and East Baton Rouge. This would have been devastating to the well-being and economy of these parishes.

I have written and contacted FERC on numerous occasions to suggest that it reject the Midla abandonment proposal in its entirety. In response, FERC initiated a settlement process between the various parties, including both the Midla pipeline and affected Louisiana gas consumers. I was pleased to learn on October 9, 2014, that an agreement in principle regarding the future of the Midla pipeline had been reached between the key parties. Under this agreement virtually all current gas customers will be assured access to affordable continued service on a modernized Midla pipeline or other means.

- Assuming that a final settlement is reached by the key parties and submitted to the Commission for its approval do you agree that FERC should, to the maximum extent possible, approve such settlement without modification?
- Alternatively, if no final Midla settlement is reached do you agree to carefully and thoroughly review any Midla abandonment proposal to assure that existing gas customers continue to receive gas pipeline service at a rate that is just and reasonable and not unduly discriminatory?

*Answer.* Because the Midla proceeding is currently pending before the Commission, I cannot comment on any issues that may specifically be raised in any settlement or abandonment proposal. However, as a state regulator, I understand that reliable and affordable service are key issues to consumers. Section 7(b) of the Natural Gas Act provides that an interstate pipeline company may only abandon jurisdictional facilities or services if the abandonment is permitted by the “present or future public convenience or necessity.” Central to the Commission’s consideration of any request for abandonment authorization are the principles that: (1) a pipeline which has obtained a certificate of public convenience and necessity to serve a particular market has an obligation to continue to serve; and (2) the burden of proof is on the applicant to show that the public convenience or necessity permits abandonment, that is, that the public interest will in no way be disserved by abandonment. If confirmed, I commit to carefully considering any settlement proposal or abandonment application filed by Midla and to carefully consider the public interest.

*Question 2. Toledo Bend Project*—Over the last few years, I have focused a significant amount of my time on the Toledo Bend Project, a FERC-licensed project on the Sabine River that is half owned by my state of Louisiana and half owned by Texas. This project, which was first licensed in 1963, received a new 50 year license from the Commission on August 29th of this year. I conducted a field hearing at this Project in Sabine Parish, Louisiana on May 17th of this year. My experience with this Project acquainted me with the extreme cost of the relicensing process. The manager of this project for Louisiana testified at my field hearing that the re-licens-

ing process of the Commission, plus changes in the operation of the Project that are required by the new license, will increase the annual operating cost of the Project by 44 percent. This calculation is based on amortizing these costs over the 50 year term of the new license rather than the 30 year term of hydro licenses that has become increasingly common.

Do I have your commitment that you will review the licensing and relicensing process of the Commission for hydroelectric projects and lead the Commission's efforts to improve the process that will reduce the current extreme cost of the hydro licensing process?

Answer. According to the Supreme Court, the Commission must examine all public interest considerations to meet the Federal Power Act's mandate to ensure that hydropower licenses are best adapted to a comprehensive plan for developing affected waterways. The costs of providing the Commission information regarding affected resources in order for the Commission to understand the environmental impacts of relicensing a project will vary depending on the complexity of the issues involved in the licensing proceeding and the availability of existing information. Also, Congress has given certain federal and state agencies the authority to impose mandatory conditions which the Commission must include in a license, regardless of their cost impacts. While I understand that the Commission makes every effort to ensure that hydropower relicensing proceedings are as efficient and cost-effective as possible, if confirmed, I commit to considering ways to improve the process.

Finally, I would ask you to review carefully a pending appeal of the terms of the new license that was issued in August for the Toledo Bend Project. The states of Louisiana and Texas believe that Section 406 of the new license has the potential to prevent the operation of the Project for its primary purpose: water supply. The Project contains the major unallocated amount of fresh water available in the state of Texas and the water in the Project is equally important to Louisiana for residential, commercial and industrial water use. Section 406 seems to have no basis in the record of the relicensing process and seems to be impossible to implement. Section 406 seems to require the Project to maintain a minimum water level that the Project has not been able to maintain for a significant portion of the time it has been in operation due to drought and other natural conditions. This Project is very important to the states of Louisiana and Texas and its primary water supply purpose should not be thwarted by an ill-considered provision in the new license for the Project.

Do I have your commitment on this matter?

Answer. Because the Toledo Bend project is currently pending before the Commission on rehearing, I cannot comment on the issue you raise. However, if confirmed, I commit to fully consider all issues raised in the proceedings before the Commission.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR MURKOWSKI

When a question calls for a "yes" or "no" answer, please answer "yes" or "no" before elaborating.

*Question 1.* On November 5, NERC released its initial reliability review of EPA's proposed Clean Power Plan, which raised concerns about a number of the assumptions that serve as the proposal's foundation and that require additional consideration for reliability purposes. Do you support NERC's independent initiative to understand and comment upon the reliability impacts of this major EPA regulation?

Answer. As I noted at the hearing, I have, in conjunction with the Arkansas Department of Environmental Quality, convened a workshop to discuss EPA's proposed Clean Power Plan with more than 20 stakeholders of diverse perspectives, including our regional organizations. I think it is imperative that FERC and the industry examine the important issues raised by the proposed rule, particularly how it might affect reliability. I support NERC's efforts to look at the proposed rule and, if confirmed, I look forward to discussing the NERC report more in depth with NERC and my colleagues.

*Question 2.* In comments submitted to the EPA on the Clean Power Plan proposal, the ISO/RTO Council—the national council of electric grid operators—asked EPA to include a "safety valve" in the final rule for electric reliability purposes. The Council outlined what it sees as three scenarios for such a reliability "safety valve" or "back-stop": (1) if a state determines that the interim goals between 2020 and 2029 cannot be met; (2) if a state determines later in the compliance period that it cannot meet the final target by 2030 without risking reliability; and (3) providing for grid operators to request EPA to review state plans that might jeopardize reliability in other states.

2a. Do you agree with the ISO/RTO Council that a reliability “safety valve” is needed?

2b. If so, should FERC assert itself to ensure that there is a true reliability back-stop? If so, how?

Answer (a-b). I have not studied the ISO/RTO Council’s specific proposal in depth. It is important to note that, with regard to the most recent proposed EPA regulation, there has been an unprecedented and significant level of outreach employed by EPA at local, state, regional and national levels. On October 28, 2014, after engaging in significant outreach to a broad range of stakeholders, the EPA issued a notice of data availability (NODA) to, in part, seek comment on the potential technical challenges described by some stakeholders associated with achieving all of the reductions that states would be required to make as early as 2020. In the NODA, EPA requests comment on two approaches that stakeholders have offered to address these issues and explains how EPA’s June 2014 proposal requests comment on the option of early reductions. As a state regulator, I have had numerous opportunities to offer feedback and comments about the proposed rule informally, through the formal comment period, and additionally with regard to the “glidepath” after the EPA-issued NODA. At FERC, my understanding is that staff from FERC discusses issues concerning the proposed rule with the EPA. I believe it is important for FERC to continue this relationship and discuss reliability issues with the EPA and other interested stakeholders. If confirmed, I will continue to participate in the discussions on this rule and be a productive part of FERC’s mission to ensure reliability.

2c. Should FERC or the ERO have stronger legal authority or obligation to conduct an analysis of any major federal regulations that could negatively impact the reliability of the electric grid? Should the implementing agency be required to address any concerns raised before the rule could be finalized?

Answer. Section 215 of the FPA authorizes NERC to conduct periodic assessments of the reliability and adequacy of the bulk-power system in North America. In fact, NERC has performed assessments of EPA’s rules in 2011 and 2014 and includes issues involved in the EPA rules in its regular assessments. Thus, I do not believe NERC needs additional authority to conduct reliability analyses. As stated in response to Question 2.b, I believe it is important to continue to discuss reliability issues with the EPA. In my view, FERC’s role in the reliability of the electric grid includes communicating with other agencies on significant reliability issues that may be raised by their regulatory efforts. I do not have an opinion yet on whether the type of legislation you describe would be appropriate, and would like to discuss this with a variety of stakeholders first. If I am confirmed and Congress chooses to grant the Commission additional authority, I will work to ensure that the Commission faithfully executes that additional authority.

*Question 3.* Increasing supplies of natural gas from shale, together with proposed new environmental regulations, are accelerating a major switch from coal to natural gas as the fuel for power generation. However, FERC has expressed concern that the lack of coordination between the gas and electric sectors could lead to future natural gas supply problems for electric generation and potential reliability concerns for both gas and electricity consumers.

3a. Are we at risk of an overreliance on a single fuel for U.S. power generation? How will the electricity industry continue to achieve fuel diversity, which can help moderate electric power costs?

Answer. Maintaining diversity in our nation’s energy sources and generation fuel supply is important to ensuring reliability and just and reasonable rates for consumers. In Arkansas, I worked to promote diversity in our state’s energy resources, helping us achieve some of the lowest rates in the country, and, as President of NARUC, I proactively engaged with my peers across the country and with industry on the security and diversity of our energy supplies. To continue to achieve fuel diversity, appropriate planning by industry and continued proactive engagement among regulators and industry will be needed. The electricity industry is already including fuel diversity in its future planning, and FERC has appropriately focused attention on the need for increased coordination between the natural gas and electricity industries, and, in a recent order, generator fuel assurance concerns in organized wholesale markets. In addition, traditional state integrated resource planning and the resource adequacy constructs adopted in many regions can provide additional tools to address fuel and resource diversity. If confirmed, I would work with my fellow Commissioners to continue these efforts and explore new ways to collaborate with other regulators and industry on these issues.

3b. In your view, what are the reliability implications of increasing natural gas use for electricity generation, especially in New England and the northeast? Are existing federal policies and initiative adequate to ensure gas-electric interdependence

does not become a reliability problem? If not, what should FERC do to improve the situation?

Answer. Abundant and low cost supplies of domestic natural gas can provide positive benefits for consumers and the environment and will become increasingly important for compliance with proposed environmental regulations. Increased reliance on natural gas for electricity generation, however, can create infrastructure and coordination challenges that industry, state regulators and FERC must continue to address to maintain reliability.

For example, pipelines and other natural gas infrastructure must be expanded to keep pace with the needs of both local distribution companies and gas-fired generators. The events of last winter showed that infrastructure constraints in the Northeast and in other areas of the country can result in volatile and often higher electricity and natural gas prices for consumers, and can negatively impact the delivery of fuel to gas-fired power plants. Using its authority under the Natural Gas Act to approve the siting and construction of interstate natural gas pipeline infrastructure, FERC has an excellent track record of quickly and efficiently processing applications to build needed new facilities. In addition, as FERC staff has noted in quarterly reports to the Commission (posted on the Commission's website), there are ongoing efforts at the regional level by reliability planning authorities, RTOs/ISOs, and state regulators to collaboratively assess their unique infrastructure needs. All of these efforts should continue.

Increased use of natural gas for electricity generation also requires increased coordination of communications and scheduling practices between the two industries. Since 2012, FERC has proactively engaged with the electric and natural gas industries, NARUC, NERC and other stakeholders to identify and address these coordination challenges. FERC has also taken affirmative steps to improve the coordination of communications and scheduling between the two industries and address reliability risks that can result from a lack of effective coordination. For example, in 2013 the Commission issued a Final Rule to affirmatively allow interstate natural gas pipelines and electric transmission operators to share non-public operational information to promote the reliability and integrity of their systems. Electric transmission operators reported that the enhanced communications facilitated by this rule were vital in maintaining reliability during the events of last winter. In addition, in March of 2014, the Commission proposed changes to the natural gas operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation service. The Commission also initiated investigations under section 206 of the FPA to determine whether the day-ahead scheduling practices of the RTOs and ISOs align with any revisions to the natural gas scheduling practices that may be adopted by the Commission in a Final Rule stemming from the proposal. Commission is currently considering responses to the proposal. If confirmed, I will carefully review the record developed in these proceedings to identify potential reforms that could improve gas-electric coordination and address potential reliability risks.

*Question 4.* FERC's Order 745 requiring full locational marginal pricing (LMP) for demand response resources was recently vacated in its entirety by the D.C. Circuit which ruled that FERC was attempting to regulate retail electricity markets in violation of the Federal Power Act.

4a. In your opinion, where is the federal/state jurisdictional divide?

Answer. As noted in your question, the D.C. Circuit on May 23, 2014 issued a decision vacating Order No. 745 and addressing the Commission's jurisdiction over demand response in organized wholesale markets. On July 7, 2014, FERC filed with the D.C. Circuit a petition for rehearing en banc of that May 23, 2014 decision, which was denied. On December 5, 2014, the Solicitor General at the U.S. Department of Justice indicated that he has authorized the filing of a petition for a writ of certiorari seeking review at the U.S. Supreme Court of that May 23, 2014 decision. FERC's legal authority to regulate demand response in organized wholesale energy markets will be determined in this ongoing litigation.

4b. Given the Appellate Court's decision, should RTOs continue allowing demand-side resources to bid in forward capacity auctions?

Answer. Market participants in the PJM and ISO New England regions have filed complaints at the Commission presenting the same issue noted in your question. Because this issue would be likely to come before me if I am confirmed as a member of the Commission, it would be inappropriate for me to prejudge how the Commission should address this issue.

*Question 5.* As Senator Barrasso and I and other Senators pointed out earlier this year, there is controversy surrounding some of the methods and practices of the FERC enforcement program. Would you support convening a series of FERC tech-

nical conferences to develop the public record on these matters and consider reforms that the record of the technical conference may justify?

Answer. I believe it is important for an enforcement program to be fair and transparent. If confirmed, I look forward to discussing the issues raised concerning the Commission's enforcement program and considering what, if any, reforms are necessary. If confirmed, I commit to gain a better understanding of the issues associated with the enforcement program, and to consider any number of ways to address these concerns, including technical conferences, if necessary.

*Question 6.* In July 2013, the National Association of State Regulatory Utility Commissioners (NARUC) issued a resolution specifying a number of concerns about FERC's implementation of its sweeping Order 1000 on transmission cost allocation and planning. The Resolution concluded that Order 1000 "inappropriately infringes on State authority reserved by Congress over such matters and threatens to relegate States to the status of a mere 'stakeholder' on these crucial issues."

6a. Please explain NARUC's concerns with Order 1000 and whether or not you agree with them.

Answer. From my perspective, NARUC's "Resolution Regarding State Authority over Public Utility Resource Planning" served as a reminder of the states' collective and substantial jurisdiction, efforts and role in the oversight of utility integrated resource planning and resource adequacy processes, and transmission planning and expansion. The resolution also urged FERC to recognize the crucial role of the states in developing regional transmission planning and cost allocation policies, and to provide flexibility to the states to continue this work through cooperation and collaborative efforts. I do agree with the concerns expressed in the resolution.

6b. Please explain your idea of what the phrase "beneficiary pays" should mean in the context of transmission cost allocation.

Answer. The phrase "beneficiary pays" refers to a concept applied during transmission planning and cost allocation to ensure that those customers who benefit from a particular transmission project participate in paying for the cost of the transmission line or facility construction.

6c. Do you believe "benefits" should be measured and specifically defined?

Answer. To the extent possible, "benefits" should be measured and specifically defined in a collaborative process. In the context of transmission planning and cost allocation, where the benefits flow would necessarily depend upon the size of the line and the customers to be served by the improved transmission capability. Clearly, the value of approving and constructing a transmission line over a larger footprint in the regional context would allow the sharing of costs among a greater customer base, thereby allowing lower costs for individual consumers. I also recognize that it is difficult to prospectively define who benefits from a particular project in certain circumstances. The customer composition of an area in which a transmission line was constructed twenty years ago could change over time, for instance, based upon factors such as economic development, population shifts or load growth. I believe that regions can define "benefits" for themselves, through a flexible, robust collaborative process. If confirmed, I would follow the law and current precedent.

*Question 7a.* Regulatory Philosophy—What is your over-arching regulatory philosophy?

Answer. My overarching regulatory philosophy is to ensure the provision of safe, reliable and affordable electricity that is in the public interest through processes that are open, transparent and fair. I also strive to uphold the law, observe due process, respect precedent, and conduct this work in a way that encourages stakeholder participation, investment and innovation, and provides regulatory certainty, confidence in the process and preserves the integrity of the institution.

7b. How far should FERC seek to evolve its role beyond the authorities specifically given it by Congress? For example, how, if at all, would you use FERC's authorities with respect to RTO formation in the Western Interconnection?

Answer. FERC cannot seek to evolve its role beyond the authorities specifically given it by Congress. Based upon my legal training, it is the role of Congress to say what the law is, and FERC's role would be to apply the law to the facts to arrive at a particular result. I believe that RTO participation is voluntary, as noted from my work in Arkansas in which I presided over requests for utilities to participate in an RTO. Likewise, I would not seek to use FERC's authority to require RTO formation or participation in the Western Interconnection or any other portion of the country.

*Question 8.* Some regional transmission organizations have dispatch rules which allow intermittent generators such as wind power to participate in day-ahead markets rather than just real-time markets. It is my understanding that the current federal Production Tax Credit (PTC) allows wind generators to submit a zero dollar bid, or even a negative bid price, in these competitive markets. What are your

thoughts on this ability to submit a zero dollar bid or even a negative bid price into competitive markets?

Answer. RTO market dispatch rules find the lowest cost of dispatching resources, based on their bids, to serve load while respecting transmission system limitations. A resource's bids reflect the resource's incremental cost of energy production. A zero dollar bid by an intermittent resource is consistent with the incremental cost of energy from the resource and usually reflects a resource's contractual obligation to produce its full output regardless of what the market clearing price is. A negative bid usually indicates that a resource is willing to continue to produce as long as it must pay less than its opportunity cost to do so. This is consistent with competitive bidding. In addition, when variable energy resources do not bid into the energy market, the market operator is forced to manually curtail the generator if too much energy is produced. This manual curtailment is economically inefficient and can create risks to system reliability.

*Question 9.* What is your view of the importance of new transmission assets and electricity storage technologies for power grid efficiency and reliability? Are FERC's existing rate and market policies sufficient to encourage the development and appropriate deployment of this infrastructure in the grid?

Answer. I foresee a greater role for energy storage in the bulk power system. As our energy supply becomes more diverse, and as more renewables are integrated, the ability to develop widely deployed storage capability will allow for greater fuel diversity and grid reliability. FERC has continuously assessed whether existing wholesale market rules and operational practices erect barriers to the participation of storage and other new and emerging technologies, and has required changes in those market rules to remove such barriers and ensure that all resources can compete on a level playing field. For example, the Commission has encouraged or required RTOs and ISOs to revise certain minimum megawatt size and run-time requirements in their tariffs that it found created unreasonable barriers to the participation of storage and other small resources, and also required the RTOs and ISOs to reform compensation practices that failed to appropriately compensate fast-responding resources like energy storage based on their performance. If confirmed, I would support continuing efforts to assess whether existing wholesale market rules and practices result in unreasonable barriers to new and emerging technologies like energy storage.

*Question 10.* What are your views on financial incentives for transmission system development? Have existing transmission rate structures provided proper incentives to promote transmission system construction?

Answer. I believe that FERC has used financial incentives to encourage necessary investment in transmission infrastructure for reliability. Existing transmission rate structures have provided incentives to promote transmission buildout, but FERC should remain vigilant in overseeing the provision of these incentives to ensure that they are provided judiciously, and in a way that does not inhibit investment in other areas.

*Question 11.* With regards to transmission, how does a greater reliance on a risk-based approach to resiliency investments differ from traditional methods?

Answer. Traditionally, states and regions have taken approaches and methodologies that determine necessary investments to ensure reliability of the electric grid. However, due to the increase in disruptions to the grid that are potentially catastrophic, it is imperative that the current transmission planning and cost allocation process plan for, invest in, and construct a grid which also employs a risk-based approach to resiliency investments. In this way, states and regions are not only undertaking investment that fortifies the grid for disruptions, but also ensures our collective ability to quickly respond to disruptions to the grid such as cyber security events, physical security attacks, severe weather events, geomagnetic disturbances and the like.

*Question 12.* What are the implications of "smart grid" technologies for the wholesale electric grid in terms of efficiency, reliability, and security? Do FERC policies appropriately take into account these implications and/or concerns?

Answer. In its March 19, 2009, Proposed Policy Statement and Action Plan, the Commission stated that "Smart Grid advancements . . . will bring new efficiencies to the electric system through improved communication and coordination between utilities and with the grid, which will translate into savings in the provision of electric service." The Policy Statement also indicated that "[t]hese technologies will also enhance the ability to ensure the reliability of the bulk-power system." The Commission in its July 16, 2009, Smart Grid Policy statement addressed cyber security issues, observing that "cybersecurity is essential to the operation of the smart grid and that the development of cybersecurity standards is a key priority. Cybersecurity and physical security are ongoing concerns for both the Commission and the elec-



tricity industry . . . ” If I am confirmed, I will join my fellow Commissioners in continuing to consider the implications of smart grid technology on Commission jurisdictional activities.

*Question 13a.* EPA’s Clean Power Plan contemplates natural gas combined cycle operating at higher capacity factors. What can FERC do to advance and expedite gas delivery infrastructure investment?

Answer. Under the Natural Gas Act, FERC plays an important role in gas infrastructure development. First, FERC issues certificates for the construction of new facilities. Since 2003, FERC has certified 93.1 Bcfd of capacity in new pipelines and expansions. The Commission also encourages natural gas pipeline development through its regulation of the wholesale markets, which can attract investment in needed infrastructure. For example, last year FERC held a technical conference that discussed, among other things, pricing of fuel security into the wholesale power markets. The Commission recently directed the regional transmission organizations and independent system operators to file reports on their efforts to address the need for generator access to sufficient fuel supplies and the firmness of generator fuel arrangements. The Commission has also acted in several individual proceedings to put in place a number of market rule and tariff changes that can help address fuel assurance concerns, including clarifying the obligations of capacity resources with respect to fuel procurement, and providing greater fuel cost recovery certainty. If confirmed, I look forward to reviewing the fuel assurance reports and to discussing any additional ways to advance needed natural gas infrastructure.

13b. Have you considered what challenges FERC might face in changing market rules to accommodate an increased reliance on gas?

Answer. Yes. As president of NARUC, I oversaw the collaborative effort among the state economic regulators and the Commissioners at FERC to ensure that we are working together to discuss the important issues raised by the changing infrastructure mix in this country through workshops on reliability and gas-electric coordination. If confirmed, I look forward to continuing those conversations.

In addition, The Commission recently directed the regional transmission organizations and independent system operators to file reports on their efforts to address the need for generator access to sufficient fuel supplies and the firmness of generator fuel arrangements. The Commission has also acted in several individual proceedings to put in place a number of market rule and tariff changes that can help address fuel assurance concerns, including clarifying the obligations of capacity resources with respect to fuel procurement, and providing greater fuel cost recovery certainty. If confirmed, I look forward to reviewing the fuel assurance reports and to discussing any additional ways to advance needed natural gas infrastructure.

*Question 14.* What can FERC do to help improve gas delivery scheduling practices to allow both natural gas consumers and gas-fired electric generators to access gas supplies efficiently?

Answer. As noted in my answer to Question 12.b, earlier this year the Commission proposed changes to the natural gas operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation services, to more closely align their processes and improve coordination. In response to the proposal, the North American Energy Standards Board (NAESB) filed a set of alternative proposed changes to natural gas scheduling practices in September that it developed through an industry stakeholder consensus process. In November, the Commission received comments from the public on its proposals and the alternative proposals submitted by NAESB. If confirmed, I look forward to carefully reviewing this record and collaborating with my fellow Commissioners to consider what next steps on gas delivery scheduling practices may be appropriate.

*Question 15.* In general, widespread and persistent outages to the Bulk Power System are rare. However, as assets begin to retire, the risk of a “localized” reliability effect is growing.

15a. If true, would you find this impact acceptable if caused by federal policy?

Answer. No, I would not find such an impact acceptable. While such an occurrence may or may not be within the jurisdiction of the Commission, if confirmed I will commit to analyze such instances, and to engage with other FERC Commissioners or other relevant federal entities to alleviate any such occurrences.

15b. How do you define a “localized” reliability threat?

Answer. I would define a “localized” reliability threat as one that impacts a smaller customer territory or area, and would not necessarily spread to a region or cause a “domino effect” of outages beyond the local area.

*Question 16a.* Reliability—Should FERC continue to support “reliability-must-run” (RMR) agreements for coal plants in competitive markets even though these plants may not be able to generate electric power at competitive prices?

Answer. ISOs and RTOs issue RMR agreements only after determining that there is no alternative available to maintain reliability. These agreements are intended to be of short duration until a long-term solution can be placed into service. I support these agreements under these circumstances.

16b. Should FERC and the North American Electric Reliability Corporation (NERC) consider potential cost increases to consumers under the “just and reasonable” requirements of the Federal Power Act in reviewing RMR or similar actions?

Answer. If an RMR agreement is filed with the Commission under section 205 of the Federal Power Act, the Commission must determine whether the costs included in that agreement are just and reasonable. NERC, as the Commission-approved Electric Reliability Organization (ERO) under section 215 of the Federal Power Act, is responsible for developing reliability standards for the bulk power system and enforcing compliance with those standards. To my knowledge, NERC does not have an affirmative role in reviewing RMR agreements or the costs included in those agreements.

16c. Are you concerned about the prospects for continued operations of baseload coal and nuclear generation in organized markets? If so, what do you think should be done to address the situation?

Answer. Baseload generation is an important part of the nation’s resource mix and will continue to operate in the future. The organized capacity markets have been attracting and retaining baseload resources. For example, PJM’s base residual action for 2017/2018 procured about 4,800 MW of new combined cycle generation. The Commission is resource- and fuel-neutral. My concern is that all resources are fairly compensated for the value they provide the system. These resources depend critically on revenues earned in the energy markets. The Commission’s ongoing price formation effort is exploring whether energy and ancillary service prices appropriately reflect the costs to serve load. If confirmed, I look forward to discussing the issues explored in the price formation proceeding.

*Questi on 17a. Capacity Markets—Do you think that there is a sufficient level of transparency in pricing and other relevant data from the electricity markets?*

Answer. A significant amount of electricity pricing and other market data is made available to regulators and the public. For example, FERC’s regulations require wholesale power sellers to report the details of their transactions (including pricing, quantity, etc.) on a quarterly basis. The Commission makes this information available to the public. In addition, RTOs and ISOs publicly post pricing data that are granular in time and location. Further, RTOs and ISOs post resource offer data, subject to an appropriate lag period and masking procedures to ensure the protection of competitively-sensitive information. Further, FERC’s open access policies also require public utility transmission providers to publicly post information on available electric transmission capacity. While these and other requirements provide a significant amount of transparency in pricing and other relevant data, if confirmed, I would continually evaluate ideas to provide additional transparency.

17b. As you see it, how, do capacity markets affect local and state resource decisions?

Answer. The impact of capacity market design elements on state and local resource decisions, including state generation resource portfolio policies, was a key topic of discussion at FERC’s September 2013 technical conference on centralized capacity markets, in post-technical conference comments, and in a recent technical conference focused on the NYISO markets. The Commission continues to evaluate these issues. In addition, these issues are pending before the Commission in a number of contested proceedings. As a result, I am hesitant to comment directly on how capacity markets may impact state and local resource choices. If confirmed, I look forward to carefully evaluating these issues.

17c. Do you believe a three-year capacity market commitment period used by RTOs is the appropriate time period to capture the value of capacity?

Answer. The Commission has given each RTO/ISO the flexibility to choose the forward procurement period and commitment period that best meets its regional needs and best fits its capacity market or other resource adequacy construct. Some RTOs/ISOs use a three-year forward procurement period and one-year commitment period, while others procure capacity on a shorter timeframe, such as a month ahead or day ahead. FERC staff noted in a paper released last year that “[t]he length and duration of the forward and commitment periods have implications for encouraging competitive entry of new resources and efficient market exit of existing resources, balancing risk between suppliers and customers, and the stability of prices”. For example, a longer forward procurement period provides more lead time for the construction or activation of capacity resources, but can increase risks to customers given that load forecasts are generally more accurate closer to the period when capacity resources are needed. As I noted at the hearing, I am cognizant of the diversity of

the regions and the ability of each region to develop market design features that work best for them, and if confirmed as a Commissioner, I would consider this and other capacity market design issues with that in mind.

17d. Do you believe the RTO capacity markets are attracting and/or retaining baseload power resources?

Answer. Baseload generation is an important part of the nation's resource mix and will continue to operate in the future. The organized capacity markets have been attracting and retaining baseload resources. For example, PJM's base residual action for 2017/2018 procured about 4,800 MW of new combined cycle generation. The centralized capacity markets in place in some RTOs/ISOs are designed to procure sufficient capacity to meet the region's reliability needs and provide necessary price signals to facilitate the entry of new capacity resources when needed, the retention of existing capacity resources when economic, and the retirement of older and less efficient capacity resources. To date, the capacity markets have met these goals, procuring sufficient capacity to meet reliability needs and attracting and retaining baseload, mid-merit and peaking resources. However, FERC has continued to evaluate the performance and design of capacity markets, particularly as the resource mix evolves in response to low natural gas prices, state and federal policies encouraging the entry of renewable resources and other specific technologies, and the retirement of aging generation resources. If confirmed, I would support Commission efforts to continue this evaluation.

*Question 18a.* Presidential Permit Authority—What do you think of proposals to transfer Presidential Permit authority for cross-border oil pipelines from the State Department to FERC?

18b. If FERC were given Presidential Permit authority for oil pipelines, what kind of rules and resources would the commission have to put in place in order to effectively exercise such authority? How long would it take to put these in place?

Answer (a-b). If I am confirmed and Congress chooses to grant the Commission additional authority over such pipelines, I will work to ensure that the Commission faithfully executes that additional authority.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR HEINRICH

##### *Electric Energy Storage*

*Question 1.* The cost of electric energy storage is dropping precipitously. Do you foresee a greater role for energy storage in the bulk power system?

Answer. I do foresee a greater role for energy storage in the bulk power system. As our energy supply becomes more diverse, and as more renewables are integrated, the ability to develop widely deployed storage capability will allow for greater fuel diversity and grid reliability.

*Question 2.* How can FERC promote deployment of energy storage in competitive wholesale markets where it is cost effective compared to alternative power sources?

Answer. FERC is resource- and fuel-neutral, and thus does not promote the deployment of any particular resource in the competitive wholesale markets it regulates. FERC does, however, have a role in ensuring that there are not unreasonable barriers to the participation of resources in competitive wholesale markets. FERC has continuously assessed whether existing wholesale market rules and operational practices erect barriers to the participation of storage and other new and emerging technologies, and has required changes in those market rules to remove such barriers and ensure that all resources can compete on a level playing field. For example, the Commission has encouraged or required RTOs and ISOs to revise certain minimum megawatt size and run-time requirements in their tariffs that it found created unreasonable barriers to the participation of storage and other small resources, and also required the RTOs and ISOs to reform compensation practices that failed to appropriately compensate fast-responding resources like energy storage based on their performance. If confirmed, I would support continuing efforts to assess whether existing wholesale market rules and practices result in unreasonable barriers to new and emerging technologies like energy storage.

*Question 3.* How can FERC encourage electric energy storage to participate in competitive auctions for ancillary services in organized wholesale markets?

Answer. As noted in my answer to Question 2, FERC's primary role is to ensure that market rules and tariffs do not create unreasonable barriers to the participation of energy storage and other new emerging technologies and allow all resources to compete on a level playing field in wholesale markets. With respect to the participation of electric energy storage in ancillary services markets, the Commission can remove regulatory barriers to energy storage by ensuring that the requirements ISOs and RTOs use to determine whether a resource can supply ancillary services are appropriate. Further, the Commission can ensure that resources receive com-

compensation for providing ancillary services that reflects the value of the service provided. For instance, some resources, including energy storage, can provide higher quality frequency regulation service. In Order No. 755, the Commission required ISOs and RTOs to pay resources that provide frequency regulation service based on the resource's performance.

#### *Wholesale Demand Response*

*Question 4.* Do you agree that demand response at times of high power demand in organized regional markets can help lower costs to consumers and reduce emissions?

Answer. As a general matter, I agree that demand response can benefit consumers and help to address the issues noted in your question. With respect to the Commission's role in regulating demand response, I note that the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) on May 23, 2014, issued a decision vacating Order No. 745, the Commission's final rule on compensation for demand response resources participating in organized wholesale energy markets. In that decision, the D.C. Circuit addressed the Commission's jurisdiction over demand response in those markets. On July 7, 2014, FERC filed with the D.C. Circuit a petition for rehearing en banc of that May 23, 2014 decision, which was denied. On December 5, 2014, the Solicitor General at the U.S. Department of Justice indicated that he has authorized the filing of a petition for a writ of certiorari seeking review at the U.S. Supreme Court of that May 23, 2014 decision. The extent of FERC's legal authority to regulate demand response in organized wholesale energy markets will be determined in this ongoing litigation.

*Question 5.* In competitive wholesale power markets, does generating and transmitting additional power have any advantages over reducing demand, or are consumers best served when the two compete on equal footing?

Answer. The issue of demand response resources' participation in organized wholesale electric markets, including both energy markets and capacity markets, is likely to come before me if I am confirmed as a member of the Commission. For that reason, it would be inappropriate for me to prejudge how the Commission should address that issue.

*Question 6.* Do you consider market-based rates for power to be just and reasonable in an organized multi-state wholesale energy or capacity market if demand response is excluded and generation is the only option allowed to compete?

Answer. The issue of demand response resources' participation in organized wholesale electric markets, including both energy markets and capacity markets, is likely to come before me if I am confirmed as a member of the Commission. For that reason, it would be inappropriate for me to prejudge how the Commission should address that issue. Similarly, I am hesitant to prejudge issues that may arise if demand response resources are excluded from those markets.

#### *Transmission Planning and Siting*

*Question 7.* The country is shifting generating resources toward more natural gas and renewables. How do you think the FERC can best promote the investment in new interstate transmission capacity that will be required to assure continued reliability of the bulk power system?

Answer. The Commission has taken a number of actions to enhance the efficient development of transmission infrastructure for all resources. This includes providing for regional transmission planning and cost allocation through Order No. 1000 and, providing additional flexibility to transmission developers to allocate new transmission capacity, and proposing to establish a more efficient process for generators to obtain priority rights to use transmission capacity on their interconnection facilities. Finally, last year, the Commission streamlined the interconnection process for small generating facilities and adopted reforms to its small generator interconnection procedures in response to changed circumstances in the industry.

In addition, I believe that FERC has used financial incentives to encourage necessary investment in transmission infrastructure for reliability. Existing transmission rate structures have provided incentives to promote transmission buildout, but FERC should remain vigilant in overseeing the provision of these incentives to ensure that they are provided judiciously, and in a way that does not inhibit investment in other areas.

*Question 8.* Arkansas is split between two of the nation's transmission planning regions, MISO and SPP. As chairman of the PSC in Arkansas, how do you see your role versus FERC's in supporting regional planning and cost allocation for siting new interstate transmission capacity?

Answer. From my experience as a state regulator for more than seven years, I have participated strongly in both the MISO and SPP transmission planning re-

gions. State regulators have traditionally participated in transmission planning processes to ensure that their respective state's consumers pay only those costs that are just and reasonable, and in the public interest. This is carried out through a robust collaborative process, with cooperation among the states. If confirmed, I would see my role at FERC as supporting the regional and interregional processes through collaboration and cooperation, and providing the necessary guidance and certainty while properly observing the diversity of the states and regions.

#### *Cyber Security*

*Question 9.* The security of the grid system is another major concern. Do you think the FERC has sufficient authority to protect the bulk-power system and critical electric infrastructure against cyber security threats and vulnerabilities?

Answer. NERC's rules allow it to develop a standard quickly to address an emerging issue. However, in the case of a national security emergency requiring immediate action, the Commission's authority does not allow it to author standards or to require quick action to protect the United States from a national security threat to the reliability of the electric grid. Any new legislation should address several key concerns, including allowing the federal government to take action before a cyber or physical national security incident has occurred, ensuring appropriate confidentiality of sensitive information submitted, developed or issued under new authority, and allowing cost recovery for costs entities incur to mitigate vulnerabilities and threats. This authority need not necessarily be given to FERC.

*Question 10.* Many cybersecurity threats could require a quick response. Do you think Congress should designate one federal agency with the clear and direct authority to respond in the event of an emergency involving a physical or cyber threat to the bulk-power system?

Answer. See my response to Question 9.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR FLAKE

*Question 1.* What role do you believe FERC should play in helping to modernize and harden the infrastructure and systems of the electric grid and increase system resiliency?

Answer. First, FERC plays an important role in overseeing the reliability of the grid through approving and enforcing mandatory reliability standards for the bulk-power system. These standards cover cybersecurity, geomagnetic disturbances, and, most recently, physical security. I also believe that FERC should work cooperatively with regulated entities, other governmental agencies, and the states to increase system resiliency by sharing information and best practices to allow industry to identify potential physical and cyber threats to the grid and develop solutions to those potential threats.

*Question 2.* Last month, the director of the National Security Agency and the Commander of the U.S. Cyber Command, Admiral Michael Rogers, told the House Intelligence Committee that critical infrastructure systems in the United States, such as those that are used to run the electric grid, are vulnerable to cyber threats from countries like China. He further acknowledged that the United States is not prepared to manage that threat. What role do you believe FERC should play in addressing the aforementioned cyber threats to the electric grid?

Answer. See my response to question 1.

*Question 3.* In your opinion, how effective is FERC's process for permitting of natural gas infrastructure in terms of timing, addressing all the issues, adequacy of FERC resources, and relationship to other agencies involved?

Answer. As a state regulator with experience in transmission siting, I am very aware of the impact of the permitting process on applicants and economic development. FERC's process results in over 90 percent of applications being acted on within a year of the filing of a complete application. In addition, I would note that these applications are rarely unopposed and FERC staff, in their review, must address all comments and interventions. This results in a complete environmental document which, in turn, results in an order that is defensible in court, if appealed. This provides a great deal of regulatory certainty to project applicants. Nevertheless, if confirmed, I look forward to discussing ways to streamline FERC's processes so that they provide timely review.

*Question 4.* As Chairman of the Arkansas Public Service Commission, you joined the Interim Director of the Arkansas Department of Environmental Quality in submitting comments to the EPA on their proposed Clean Power Plan. In that submittal, you state that, "The 2030 Arkansas goal, which is the sixth most stringent in the United States, is technically flawed and is unattainable under the contemplated timeframe. The Agencies urge changes in the Proposed Rule to avoid un-

reasonable and inequitable results that may include disruptions to electric service and significant cost impacts in Arkansas and in neighboring states.” You further note that the “proposed rule should be clarified and changed in various ways to better enable compliance.” Please comment on the difficulties you see with the CPP as it applies to Arkansas—particularly with regard to the “unreasonable and inequitable results that may include disruptions to electric service and significant cost impacts.”

Answer. During my tenure as Chairman of the Arkansas Public Service Commission, I have expressed support for the Administration’s efforts to reduce greenhouse gas emissions and to improve the environment. In fact, with regard to the Clean Power Plan, there has been an unprecedented and significant amount of outreach employed by EPA at local, state, regional and national levels. On October 28, 2014, after engaging in significant outreach to a broad range of stakeholders, the EPA issued a notice of data availability (NODA) to, in part, seek comment on the potential technical challenges described by some stakeholders associated with achieving all of the reductions that states would be required to make as early as 2020. In the NODA, EPA requests comment on two approaches that stakeholders have offered to address these issues and explains how EPA’s June 2014 proposal requests comment on the option of early reductions. As a state regulator, I have had numerous opportunities to offer feedback and comments about the proposed rule informally, through the formal comment period, and additionally with regard to the “glidepath” after the EPA issued a Notice of Data Availability. After the issuance of the EPA proposed Clean Power Plan, the EPA sought comments on the Proposed Plan and its impact on the states. As Chairman of the APSC, I co-convened a statewide workshop with the director of the Arkansas Department of Environmental Quality to study the impact of the Proposed Rule on Arkansas. The workshop was comprised of a diverse array of participants, which included representatives from both regional transmission organizations that operate in Arkansas: MISO and SPP. The APSC’s comments included the results of that collaborative effort in Arkansas, and it included comments that our goal, as included in the Proposed Rule, is too stringent for Arkansas to attain by the interim goal timeline of 2020 or 2030. Both regions conducted studies and modeling of the potential impact of the Proposed Rule on their respective footprints, and both issued comments raising the potential for reliability to be negatively impacted based upon decisions that utilities or generators could make regarding coal-fired generation plants in their respective fleets. In addition, the utilities and plant operators in Arkansas expressed concern about cost impacts if required to displace coal-fired units and replace that generation with more expensive baseload capacity. This is the rationale underlying the statement regarding the results that may impact reliability and cause significant cost impacts in Arkansas. Having said that, I do believe it is prudent for our country to reduce greenhouse gas emissions and other pollutants that negatively impact our environment, and that now is the time to undertake this effort. I also believe that the proposed rule allows states to design state plans to take into account resource adequacy and reliability.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR BARRASSO

*Question 1.* EPA and opponents of natural gas have asked FERC to radically expand the environmental review process for interstate natural gas pipelines, natural gas compressor stations, and liquefied natural gas (LNG) export terminals. They want FERC to assess the so-called “upstream” and “downstream” effects of these facilities.

EPA and opponents of natural gas want FERC to try to assess whether a single pipeline or LNG export terminal will contribute to climate change. They also want FERC to try to assess whether a single gas pipeline or LNG export terminal would increase gas demand, and if so, gas production. They even want FERC to determine where gas production may or may not increase.

To its credit, FERC has rejected EPA’s requests. In August, Cheryl LaFleur, the Chairman of FERC, said that: “[W]e do not do a cradle-to-grave, molecule-by-molecule analysis of where . . . a fuel is coming from, what’s going to happen . . . when [a ship] goes off to the other side of the earth and what other fuel it displaces.

We don’t believe that’s in our authority or in our role under [the National Environmental Policy Act]. NEPA is a permitting statute.”

I applaud FERC for rejecting EPA’s request for what is effectively a climate change litmus test on American exports. Such a test would devastate American exports and the good-paying jobs they create.

Last year, Ross Eisenberg of the National Association of Manufacturers testified before this committee. He explained that: “using NEPA to require a cradle-to-grave . . . analysis that assesses the impact of cargo . . . would create a very dangerous precedent that could be used to block exports of all types,” including automobiles, civilian aircraft, and heavy equipment (e.g., construction vehicles, etc.).

Do you agree with Chairman LaFleur that NEPA does not authorize FERC to try to assess the so-called “upstream” and “downstream” effects of natural gas pipelines, compressor stations, and LNG export terminals? If not, why not?

Answer. While I do not believe NEPA is a permitting statute, I agree with Chairman LaFleur regarding the Commission’s implementation of NEPA in this regard.

*Question 2.* A. What would you say are the greatest challenges facing the bulk power system? B. What do you see as the top priorities for FERC in regulating this system?

Answer. The most pressing threats to continued reliable operation of the nation’s power grid are resilience threats. They are the most challenging, in my opinion, because of the risk to the grid, and potential for great or widespread disruption or harm to the grid. In order to properly mitigate these risks, state and federal regulators and other stakeholders must be vigilant constantly to ensure that our collective planning supports risk-based resilience investments, which support the traditional reliability work that has been underway for decades. Resource adequacy is an important issue at this time. Commission-approved rates can have an effect on this issue, and the Commission has been considering or making changes to jurisdictional rates to address this issue. Another issue is the growing use of natural gas as a fuel for electric generation. The Commission has made significant efforts to address this issue, most recently by directing RTOs and ISOs to report on their efforts to address fuel assurance. On both of these issues, the States also have significant roles and are working to address the issues. Finally, the increased use of renewable resources means the grid may operate somewhat differently than it has in the past, and the industry is working hard to ensure that its operating practices and procedures adapt accordingly. In each of these areas, work is ongoing and will continue as appropriate to meet the challenges.

Reliability is of vital importance to both FERC and state regulators, and has been a top priority for me in my daily work as Chairman of the Arkansas PSC and as President of NARUC. If confirmed as a Commissioner at FERC, it will continue to be a top priority. Equally important is to ensure that FERC-jurisdictional rates are just and reasonable and that markets send the proper signals to encourage investment and innovation while providing regulatory certainty.

*Question 3.* If confirmed, would you push for FERC to have a role in reviewing and approving state plans submitted to EPA under the carbon standards for existing power plants in order to ensure that those plans do not undermine electric reliability? If not, why not?

Answer. While I have not studied any specific proposal, I do support the creation of a means by which reliability concerns can be taken into account should they arise.

*Question 4.* Do you think that EPA is positioned to analyze the reliability impacts of its own power sector regulations without active assistance from FERC?

Answer. The EPA’s proposed rule contained a reliability analysis and offered flexibilities that will allow states to design state plans to take into account resource adequacy and reliability. However, as EPA considers the comments it has received, I think it is important that EPA consult with experts in reliability, such as the Commission, NERC, and regional transmission organizations and independent system operators.

*Question 5.* Everyone agrees that enforcement is a critical component of FERC’s mission. We can also agree that those who violate the law should be prosecuted. However, it is equally important that FERC respects the due process rights of the targets of FERC investigations. William Scherman, a former General Counsel at FERC, and others argue that FERC has failed to do this in recent years.

In September of this year, Senator Collins and I sent a letter to the Department of Energy’s Inspector General (IG), asking that he examine FERC’s enforcement program. Senator Casey—a Democrat—has also asked the IG to review FERC’s enforcement program. You can see that these are bipartisan concerns. In October, the IG notified me that he will review FERC’s enforcement program.

In the meantime, FERC should take steps of its own to address our concerns. FERC should hold what are known as technical conferences on its enforcement program.

Technical conferences would allow the public and regulated entities to discuss their concerns directly with the Commissioners. Technical conferences would help the Commissioners craft any needed reforms to the enforcement program.

If confirmed, would you push for convening technical conferences on FERC's enforcement program? If not, why not?

Answer. I believe it is important for an enforcement program to be fair and transparent. If confirmed, I look forward to discussing the issues raised concerning the Commission's enforcement program and considering what, if any, reforms are necessary. If confirmed, I commit to gain a better understanding of the issues associated with the enforcement program, and to consider any number of ways to address these concerns, including technical conferences, if necessary.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR LEE

*Question 1.* What are your views on the relative threat EPA's Clean Power Plan for curbing carbon emissions at existing power plants may pose to maintaining grid reliability as the regulation goes into effect and coal plants are inevitably retired? What should FERC do in response, if anything?

Answer. During my tenure as Chairman of the Arkansas Public Service Commission, I have expressed support for the Administration's efforts to reduce greenhouse gas emissions and to improve the environment.—I believe the impact on reliability as the Clean Power Plan is executed varies by state and region. Clearly, the work occurring regionally will be important to ensure reliability as the regulation goes into effect and coal plant retirements take place. I believe that the proposed rule allows states to design state plans to take into account resource adequacy and reliability, in conjunction with the work occurring regionally. As I noted at the hearing, I have, in conjunction with the Arkansas Department of Environmental Quality, convened a workshop to discuss EPA's proposed Clean Power Plan with more than 20 stakeholders of diverse perspectives, including our regional organizations. I think it is important to explore the important issues raised by the proposed rule, particularly how it might affect reliability. If confirmed, I look forward to discussing these issues more in depth with NERC and my colleagues.

*Question 2.* What do you believe is the proper role for FERC with respect to EPA rulemakings generally and EPA's Clean Power Plan in particular? For instance, during EPA's rule-setting process, should FERC defer to EPA's judgment on the reliability impacts associated with its proposal and get engaged to ensure reliability is protected only after the rule is finalized and being implemented? If so, how do you believe such an approach is consistent with FERC's statutory responsibility to ensure grid reliability?

Answer. My understanding is that FERC staff has had discussions with the EPA and provided input to the EPA on its proposal before its issuance through the Office of Management and Budget (OMB) interagency review process from a reliability perspective. I believe it is appropriate for FERC to provide input to EPA on the reliability impacts both through the OMB review process and through discussions directly between FERC and EPA.

*Question 3.* In your view, has the level of consultation and coordination between FERC and EPA been sufficient? Or do you believe a formal, documented federal interagency process should be established to ensure that EPA's forthcoming 111(d) final rule does not adversely impact grid reliability?

Answer. In both my roles as the Chairman of the Arkansas Public Service Commission and the National Association of Regulatory Utility Commissioners, I have convened meetings to discuss these rules. I understand the importance of coordination on matters that can affect the electric industry. GAO recently issued a report recognizing that FERC, EPA and the Department of Energy jointly conduct regular meetings with key industry stakeholders concerning EPA regulations. I fully support any effort by FERC and EPA to coordinate on issues concerning the reliability of the grid. If confirmed, I would discuss this issue with my colleagues, including whether FERC should use formal processes such as public conferences to explore these issues in detail and provide for discussion of reliability concerns.

*Question 4.* Should FERC insist that EPA include a "reliability safety value" mechanism in the final rule in case utilities and states need more time to meet the rule's requirements without hurting system reliability?

Answer. While I have not studied any specific reliability safety valve proposal, my understanding is that staff from FERC discusses issues concerning the proposed rule with the EPA. I believe it is important for FERC to continue this relationship and discuss reliability issues with the EPA and other interested stakeholders. If confirmed, I will continue to participate in the discussions on this rule and be a productive part of FERC's mission to ensure reliability. While a state regulator, I have also benefitted from an unprecedented and significant level of outreach employed by EPA at local, state, regional and national levels. I have had numerous opportunities to offer feedback and comments about the proposed rule informally, through the for-



mal comment period, and additionally with regard to the “glidepath” after the EPA issued a Notice of Data Availability.

*Question 5.* Should FERC be given the role of monitoring the reliability impacts from the various state implementation plans, and advising on mitigation measures if a reliability problem is assessed? Should FERC be required to certify that the simultaneous implementation of the state compliance plans will not harm reliability before those plans can be executed?

Answer. FERC should monitor the reliability impacts from the various state implementation plans. After the EPA issued its MATs rule, FERC, EPA and the Department of Energy have monitored industry progress responding to EPA regulations, including jointly conducting regular meetings with key industry stakeholders. I believe that this is a good model to look to in determining how to monitor any impacts from state plans stemming from the Clean Power Plan.

*Question 6.* As a FERC Commissioner, how would you weigh costs to customers in your evaluation of whether a particular proposed reliability standard provides an adequate level of reliability protection?

Answer. Federal Power Act section 215 does not explicitly identify costs as a consideration, but does require the Commission to consider whether a proposed reliability standard is “just, reasonable, not unduly discriminatory or preferential, and in the public interest.” I cannot at this time offer a legal opinion on how this language applies to the question you ask but, subject to legal interpretation of this language, I believe the consideration of proposed standards could include a wide range of factors, including well-supported information on costs. I would note, also, that the NERC process is based on voting by stakeholders and they are likely to informally consider a proposed standard’s foreseeable costs to them as part of their decision-making, regardless of subsequent processes.

*Question 7.* As you know, states view themselves as the front line for service quality issues, including cost recovery. What vision do you have for the boundaries between FERC and the states for reliability issues?

Answer. Reliability is of vital importance to both FERC and state regulators, and has been a top priority for me in my daily work as Chairman of the Arkansas PSC and as President of NARUC. As NARUC President, I oversaw the collaborative effort among the state economic regulators and the commissioners at FERC to ensure that we are working together through workshops on reliability. If confirmed, I hope to continue these collaborative efforts on reliability.

With respect to the boundaries, FERC has jurisdiction over the bulk-power system and recently approved a definition of this term that establishes uniform criteria to determine what elements of the electric grid are subject to the FERC-approved mandatory reliability standards. In doing so, it approved a process to add elements to, or remove elements from, the scope of coverage on a case-by-case basis. An entity can also seek a FERC ruling on whether a facility is a local distribution or transmission facility. This process of identifying bulk electric system elements should help create a clearer boundary between FERC and the states for reliability jurisdiction.

*Question 8.* What do you believe are the most pressing threats to continued reliable operation of the nation’s power grid and are those risk being appropriately mitigated? If not, what needs to happen in your opinion?

Answer. The most pressing threats to continued reliable operation of the nation’s power grid are resilience threats. They are the most challenging, in my opinion, because of the risk to the grid, and potential for great or widespread disruption or harm to the grid. In order to properly mitigate these risks, state and federal regulators and other stakeholders must be vigilant constantly to ensure that our collective planning supports risk-based resilience investments, which support the traditional reliability work that has been underway for decades.

*Question 9.* Does FERC have the authority under the Federal Power Act to regulate demand response?

Answer. The U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) on May 23, 2014, issued a decision vacating Order No. 745, the Commission’s final rule on compensation for demand response resources participating in organized wholesale energy markets. In that decision, the D.C. Circuit addressed the Commission’s jurisdiction over demand response in those markets. On July 7, 2014, FERC filed with the D.C. Circuit a petition for rehearing en banc of that May 23, 2014 decision, which was denied. On December 5, 2014, the Solicitor General at the U.S. Department of Justice indicated that he has authorized the filing of a petition for a writ of certiorari seeking review at the U.S. Supreme Court of that May 23, 2014 decision. The extent of FERC’s legal authority to regulate demand response in organized wholesale energy markets will be determined in this ongoing litigation.

*Question 10.* If the D.C. Circuit's decision in *Electric Power Supply Association v. FERC (EPSA)* is upheld (whether through a denial of petition for certiorari or on the merits), how should FERC implement the decision?

Answer. If confirmed as a member of the Commission, this issue may come before me. Therefore, it would be inappropriate for me to prejudge how the Commission should implement the D.C. Circuit's EPSA decision, if that decision is upheld.

*Question 11.* Do you believe that the decision in EPSA also calls into question FERC's jurisdiction over demand response participation and compensation in capacity and ancillary services markets?

Answer. Market participants in the PJM and ISO New England regions have filed complaints at the Commission challenging participation by demand response resources in those regions' capacity markets. Similarly, it is my understanding that comments filed in at least that PJM-related proceeding raise the issue of whether and how demand response resources may participate in ancillary services markets. Because these issues would be likely to come before me if I am confirmed as a member of the Commission, it would be inappropriate for me to prejudge how the Commission should address these issues.

*Question 12.* In your view, has FERC's demand response compensation policy adversely impacted baseload generation units or impaired grid reliability? How so?

Answer. The issue of demand response resources' participation in organized wholesale electric markets is likely to come before me if I am confirmed as a member of the Commission. For that reason, it would be inappropriate for me to prejudge how the Commission should address that issue.

*Question 13.* As a policy matter, do you believe Order No. 745 justifiably treated demand response resource providers preferably to other capacity resources, such as generation?

Answer. The issue of demand response resources' participation in organized wholesale electric markets, including both energy markets and capacity markets, is likely to come before me if I am confirmed as a member of the Commission. For that reason, it would be inappropriate for me to prejudge how the Commission should address that issue.

*Question 14.* What are your views on treating behind-the-meter generation differently than traditional generation in terms of how it is compensated and held accountable to deliver as promised? For instance, do you believe behind-the-meter generation is analogous to demand response resources and should receive comparable compensation pursuant to Order No. 745?

Answer. It is difficult to generalize about appropriate compensation for behind-the-meter generation because the owners of such equipment use it in many different ways. The manner in which behind-the-meter generation is used and related circumstances may be relevant to determining what compensation is appropriate.

*Question 15.* FERC took unprecedented action and sued the Idaho Public Utilities Commission under Section 210(h) of the Public Utility Regulatory Policies Act (PURPA) in federal court. Under what circumstances, if any, should FERC take similar action in the future? How much deference should FERC give state regulators on legally enforceable obligation determinations under PURPA?

Answer. I would hope that such action would be rare. FERC and the Idaho Public Utilities Commission (Idaho PUC) signed a Memorandum of Agreement to resolve this matter which reflects that PURPA establishes a program of cooperative federalism, with FERC establishing regulations and states implementing them in a manner that accommodates local conditions. I hope that in the future, FERC and the states can work cooperatively on these issues and, if confirmed, I look forward to discussing them with my state colleagues.

*Question 16.* In light of the due process allegations questioning the fairness and transparency of FERC's enforcement program, do you believe any procedural or substantive reforms are in order?

Answer. I believe it is important for an enforcement program to be fair and transparent. If confirmed, I commit to gain a better understanding of the issues associated with the enforcement program, and to consider any number of ways to address these concerns.

*Question 17.* Many have argued that the definition of market manipulation in electric and gas wholesale markets is too vague, causing uncertainty and confusion for participants. This ambiguity, when combined with powerful enforcement tools and the potential for significant penalties, appears to have the potential to chill investment and reduce liquidity in these markets. Do you agree that this a logical outcome of such policies? Could the combination of ambiguity and exposure to significant penalties have a negative impact on consumers? Please provide a full explanation.

Answer. The Commission's regulations defining market manipulation were patterned on the Securities and Exchange Commission's core anti-fraud and anti-manipulation rule because EAct 2005's prohibition against fraud and manipulation was patterned on and specifically references the Securities and Exchange Act of 1934. The Commission has issued settlement agreements and orders that have explained the scope and application of the rule. However, because the Commission's authority to prohibit market manipulation is relatively new, it is important to consider whether further guidance is needed. If confirmed, I look forward to discussing the issues raised concerning the Commission's enforcement program and considering what, if any, reforms are necessary.

*Question 18.* In general, how does the inclusion of banks or large financial institutions in commercial energy enterprises affect utility ratepayers? How might the exit of large banks from these commercial businesses impact the functioning of electricity markets?

Answer. The participation of entities of all kinds, including energy companies and financial institutions, can benefit markets in numerous ways. However, I would expect all market participants in electricity markets, including banks or large financial institutions, not to engage in market manipulation and to follow market rules and work cooperatively with FERC and grid operators.

*Question 19.* Do you believe that market manipulation can occur where there has been no independent violation of a FERC regulation, rule, order, tariff, or ISO/RTO market rule? If so, please provide an explanation, including some examples. Also, if so, please reconcile your answer with traditional notions of due process.

Answer. The Commission's Order No. 670 states that "[i]f a market participant undertakes an action or transaction that is explicitly contemplated in Commission-approved rules and regulations, we will presume that the market participant is not in violation of the Final Rule." However, the Commission has made clear an entity need not violate a specific tariff provision to violate the market manipulation rule because "[N]o list of prohibited activities could be all-inclusive." One example is the activities discussed in the Commission's JP Morgan settlement.

*Question 20.* Are there steps the Commission can take to clarify the definition of market manipulation so as to provide sufficient notice to market participants?

Answer. As I said in response to Question 17, because the Commission's authority to prohibit market manipulation is relatively new, it is important to consider whether further guidance is needed. If confirmed, look forward to discussing the issues raised concerning the Commission's enforcement program and considering what, if any, reforms are necessary.

*Question 21.* Should the target of an investigation have access to transcripts of FERC depositions? If not, why?

Answer. The Commission regulations require that subjects of investigations be given access to their deposition transcripts. I understand that the timing of such access has been a matter of discussion, and, if confirmed, I look forward to discussing the issue with my colleagues.

*Question 22.* Do you believe that FERC should adopt any limits on the scope of its discovery requests; i.e., data requests, document requests, depositions?

Answer. My years of experience working in litigation have given me substantial experience with all phases of discovery. Ensuring that the markets are free from fraud and market manipulation is an important aspect of the Commission's work. Such fraud and market manipulation poses a significant threat to the markets the Commission oversees. Therefore, I believe the Commission should be able to thoroughly investigate allegations of misconduct to ensure just and reasonable rates. However, I believe that the enforcement program should be fair and transparent. If confirmed, I look forward to discussing these issues with my colleagues and determining if further action is needed.

*Question 23.* Should FERC be required to provide the target of an investigation (or subsequent administrative adjudication in a show cause proceeding) be given access to third-party materials obtained in the course of the investigation?

Answer. It is my understanding that in a FERC investigation, there is no right to discovery by the subject of an investigation at the investigative stage. However, the subject of an investigation will have discovery rights during adjudication of the matter at issue. My understanding is that it is the practice of the Commission's enforcement staff to provide any relevant third party materials to the subject of an investigation prior to the issuance of an Order to Show Cause.

I believe that the enforcement program should be fair and transparent and I am open to ways to address these concerns.

*Question 24.* Are FERC's existing procedural rules regarding ex parte communications and separation of functions sufficient to ensure that the target of an investigation receives a full and fair hearing before an impartial decision-maker?

Answer. The Commission provides that the subject of an investigation may communicate in writing with the Commission at any time throughout the course of an investigation. However, if confirmed, I look forward to discussing the issues raised concerning the Commission's enforcement program and considering what, if any, reforms are necessary.

*Question 25.* Should FERC adopt an intent requirement for its rules prohibiting false or misleading statements to FERC, an ISO/RTO, or other FERC-jurisdictional entities?

Answer. It is my understanding that false or misleading statements can be relevant to different kinds of violations, so the answer may depend on the context of a specific case. If confirmed I look forward to reviewing this issue and discussing it with my colleagues.

*Question 26.* Please describe your views on interstate cost allocation. In what circumstances should ratepayers in one state be allocated the costs for transmission projects that will benefit ratepayers in other states?

Answer. I believe that, in the context of the work of regional transmission organizations or independent system operators, interstate cost allocation allows for the planning and development of necessary interstate transmission lines. An interstate cost allocation to those areas that benefit from a line allows customers in those areas to collectively share in the cost of the construction, thereby bringing costs down for the entire region. When deciding issues of cost allocation, the Commission applies the principles of "cost causation" and "beneficiary pays" that developed over several years of Commission and judicial decisions. In Order No. 1000, for example, the Commission established a set of guiding principles for developing ex ante cost allocation mechanisms that apply to projects selected in a regional plan for purposes of cost allocation. Two of the central tenants of those principles are: (1) the costs of new transmission facilities must be allocated in a manner at least roughly commensurate with benefits received, and (2) those who do not benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated the costs of such facilities. These principles draw in part from a recent decision of the U.S. Court of Appeals for the Seventh Circuit (Seventh Circuit), which stated that "[t]o the extent that a utility benefits from the costs of new facilities, it may be said to have 'caused' a part of those costs to be incurred", and required that the Commission "compar[e] the costs assessed against a party to the burdens imposed or benefits drawn by that party" and articulate why "the benefits are at least roughly commensurate" with the costs. Under these principles, whether ratepayers in one state can be allocated the costs for transmission projects that will benefit ratepayers in other states depends on the extent to which ratepayers in the first state also derive benefits from those projects.

*Question 27.* Can a transmission line utilizing local renewable electricity resources produced in one state under a renewable/clean energy standard be shown to have regional benefits in another state without such a mandate?

Answer. As explained in my response to question 26, whether the costs of a transmission facility can be assessed to a party depends on a determination of whether that party derives benefits from the facility. In addition, such cost allocation decisions will depend on how the region in question has defined the regional benefits that will be considered. The principles-based approach to cost allocation adopted by the Commission in Order No. 1000 provided each region with significant flexibility to develop ex ante cost allocation mechanisms that fit the region's needs, including flexibility to define the benefits that will be considered in those mechanisms, so long as they satisfy the broad cost allocation principles.

*Question 28.* In the recent Entergy-ITC merger proceeding, the Arkansas PSC and other state commissions expressed concerns that the merger would result in higher rates for Arkansas ratepayers. Please describe your concerns regarding the rate increases and the increased rate of return on equity requested by ITC.

Answer. In the federal proceeding, although the Arkansas PSC took no position on the merger application itself, it did raise concerns regarding the return on equity. The filing referenced the fact that in the past five years, capital costs in the US have slightly decreased. In addition, because the ITC Midsouth Companies' capital structure is comprised of less common equity than the proposed rate construct of 60 percent common equity/40 percent debt, ITC's effective allowed return on equity would be greater than 12.38 percent. In fact, with the imputed common equity ratio of 60 percent, their rate of return would be in excess of 14.7 percent, according to computations by agency experts.

*Question 29.* Are rates pursuant to an ISO/RTO auction mechanism protected under the Mobile-Sierra doctrine? In answering this question, please describe your views on the application of the Mobile-Sierra doctrine.

Answer. I recognize the importance of regulatory certainty in the electric and natural gas industries. The Mobile-Sierra doctrine, with its history developed over decades of court precedent and cases before FERC, contributes to regulatory certainty by establishing a presumption that agreements with certain characteristics that are reached by electric or natural gas companies satisfy the just and reasonable standard of the Federal Power Act or the Natural Gas Act, respectively.

The markets operated by RTOs or ISOs (and component auction mechanisms) are run pursuant to detailed market rules approved by FERC. My understanding is that those market rules differ in a number of respects, including whether the above-noted Mobile-Sierra presumption would attach to the results of a particular type of RTO or ISO auction. If confirmed, I commit to consider carefully proposals on this issue that may come before the Commission.

*Question 30.* In your experience as a state regulator, has FERC ever overstepped its jurisdiction and intruded into areas of appropriate state regulation? If so, please provide examples.

Answer. From my perspective, there will always be areas of tension among regulators who share concurrent jurisdiction in certain areas. Where Congress has not given comprehensive and exclusive jurisdiction to either federal or state regulatory bodies to act exclusively, there will be areas, e.g., the use of demand response in the context of a regional capacity market, where it will be imperative for both regulators to work constructively and cooperatively with one another. If confirmed, I will commit to do so, and to follow the law.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR RISCH

*Question 1.* Last year, FERC took the unprecedented action and sued the Idaho Public Utility Commission under Section 210(h) of the Public Utility Regulatory Policies Act (PURPA). The FERC Commissioners realized that this suit was not in their best interest and they were able to reach an agreement out of federal court with the Idaho PUC. How do you believe FERC should work with the states to avoid another situation like Idaho was involved in?

Answer. I believe that FERC should work collaboratively and constructively with the states, and that litigation should be a last resort. It is imperative that state and federal regulators respect one another's authority in an effort to achieve mutually beneficial results. A failure to do so erodes the confidence that all participants have in the respective processes and weakens the credibility of the overall regulatory process. As NARUC President, I have supported such cooperative efforts as the FERC-NARUC Collaborative, technical conferences and workshops included within the NARUC Conferences that allow for open dialogues regarding pressing energy issues.

*Question 2.* As a state regulator, what do you believe the relationship between FERC and state regulators should be?

Answer. The relationship between FERC and state regulators should be a positive, progressive and evolving one. In all candor, this relationship is not one free from tension. But if both regulators work cooperatively and collaboratively, I am confident that together we can achieve positive results to overcome challenges that are in the public interest and serve our constituencies well.

*Question 3.* What do you believe is FERC's role in relation to the Bonneville Power Administration?

Answer. I understand that the Commission's relationship with Bonneville Power Administration (Bonneville) is different from that it has with public utilities under the Federal Power Act. Standard Federal Power Act ratemaking authorities do not apply to Bonneville. While the Commission does have jurisdiction over Bonneville pursuant to section 211A of the Federal Power Act to require an unregulated transmitting utility to provide transmission services, I agree with the Commission's statements that FERC should not take the exercise of its section 211A authority lightly, and that that authority should be used rarely. Finally, section 215 of the Federal Power Act gives the Commission authority over Bonneville with respect to mandatory reliability standards.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR HELLER

*Question 1.* There is a general consensus that our nation must increase investment in the U.S. transmission system, in an effort to promote grid reliability and resiliency as well as access remote areas, like those in rural Nevada, that are particularly suitable for renewable energy development like solar and geothermal generation.

In your view, what type(s) of transmission projects should FERC encourage and why? What ideas do you have on policies FERC could pursue to achieve this goal?

Answer. The Commission has taken a number of actions to enhance the efficient development of transmission infrastructure for all resources. This includes providing for regional transmission planning and cost allocation through Order No. 1000, providing additional flexibility to transmission developers to allocate new transmission capacity, and proposing to establish a more efficient process for generators to obtain priority rights to use transmission capacity on their interconnection facilities. Finally, last year, the Commission streamlined the interconnection process for small generating facilities and adopted reforms to its small generator interconnection procedures in response to changed circumstances in the industry. The Commission can also provide appropriate transmission incentives to those projects that deserve them.

In addition, I believe that FERC has used financial incentives to encourage necessary investment in transmission infrastructure for reliability. Existing transmission rate structures have provided incentives to promote transmission buildout, but FERC should remain vigilant in overseeing the provision of these incentives to ensure that they are provided judiciously, and in a way that does not inhibit investment in other areas.

*Question 2.* Some players within the industry have expressed concerns raised that FERC's ROE policies may lead to diminished transmission investment, for instance by making it harder for prospective transmission developers to secure financing at reasonable rates. What is your perspective on this criticism? Do you share such concerns?

Answer. I appreciate that, in setting rates, the Commission must strike a balance between the need for just and reasonable rates for consumers and the need for utilities to earn a just and reasonable return to maintain existing facilities and attract new investment. I believe the Commission has struck that balance. However, each rate determination must be based on the facts and circumstances of each case and, if confirmed, I will work with my colleagues to ensure we strike the right balance in each case. The Commission must strike this balance whether it is setting base ROE or addressing transmission incentives.

*Question 3.* In its recent ROE determinations, do you believe FERC has struck the proper balance between ensuring just and reasonable rates for customers and providing a return for transmission investors that is adequately compensatory to assure capital attraction? If not, what reforms do you believe are in order? What is your perspective on FERC's current transmission incentive policies?

Answer. Issues related to FERC's recent ROE determinations remain pending, including on rehearing. For this reason, it would be inappropriate for me to prejudge how the Commission should act on those issues. In general, however, FERC's recent ROE determinations appear to me to strike a balance between the traditional ratemaking methodologies and also respond to current economic conditions. I applaud FERC's efforts to creatively address challenges in the ratemaking process and allow utilities the opportunity to earn a fair rate of return on their investments.

I believe that FERC has used financial incentives to encourage necessary investment in transmission infrastructure for reliability. Existing transmission rate structures have provided incentives to promote transmission buildout, but FERC should remain vigilant in overseeing the provision of these incentives to ensure that they are provided judiciously, and in a way that does not inhibit investment in other areas.

*Question 4.* As the West's energy supply mix further diversifies, what actions should FERC take, if any, to promote greater regional coordination and more efficient dispatch services that will be essential to ensuring that variable energy resources like wind and solar power generation are cost-effectively integrated into the western electric grid? What role can geothermal resources in states like Nevada play in those efforts?

Answer. More efficient dispatch services and regional coordination can help cost-effectively integrate all resources into the electric grid. The Commission's regulations remove barriers to the integration of variable energy resources by requiring each public utility transmission provider to: (1) offer intra-hourly transmission scheduling; and, (2) incorporate provisions into the pro forma Large Generator Interconnection Agreement requiring interconnection customers whose generating facilities are variable energy resources to provide meteorological and forced outage data to the public utility transmission provider for the purpose of power production forecasting. Further, the Commission reformed its market-based rate authority rules such that transmission providers should have greater access to the reserve services needed to maintain reliability, including integration of variable energy resources. If confirmed, I look forward to exploring other opportunities to facilitate more efficient bilateral trading.

In 2013, Geothermal resources generated 0.4 percent of electricity, with Nevada producing approximately 17 percent of the U.S. geothermal power. In its recent Annual Energy Outlook 2014, EIA projects electric production capacity from geothermal resources will continue to grow, almost doubling over the next decade and quadrupling by 2040. According to EIA, Nevada has the country's largest amount of potential geothermal resources.

*Question 5.* As a state regulator, how much control do you think state regulators should have over the design of ISO/RTO capacity markets in hybrid regulated regions where utilities remain vertically integrated but participate in ISO/RTOs?

Answer. From my perspective, state regulators should participate in regional processes to ensure just and reasonable rates, and to serve a consumer protection function for the benefit of each state's consumers. Each region has the proper knowledge base, through the work of seasoned expert engineers and planners, to design and run capacity markets. I also recognize that there are different market constructs based upon the diverse composition of market participants, and that each region should be allowed to design and operate a market that works best for them.

*Question 6.* What measures can FERC take to help maximize renewable energy production in resource-rich Western states like Nevada?

Answer. In addition to removing barriers to the participation of renewable resources in the Commission-jurisdictional markets, as discussed in response to Question 4, the Commission has also taken a number of actions to enhance the efficient development of transmission infrastructure for all resources. This includes providing for regional transmission planning and cost allocation through Order No. 1000, providing additional flexibility to transmission developers to allocate new transmission capacity, and proposing to establish a more efficient process for generators to obtain priority rights to use transmission capacity on their interconnection facilities. Finally, last year, the Commission streamlined the interconnection process for small generating facilities and adopted reforms to its small generator interconnection procedures in response to changed circumstances in the industry.

*Question 7.* What actions do you believe FERC should be taking to address electric reliability and fuel supply availability concerns that are the result of the increasing role natural gas is playing in meeting our nation's electric generation needs?

Answer. FERC has taken affirmative steps to improve the coordination of communications and scheduling between the two industries and address reliability risks that can result from a lack of effective coordination. For example, in 2013 the Commission issued a Final Rule to affirmatively allow interstate natural gas pipelines and electric transmission operators to share non-public operational information to promote the reliability and integrity of their systems. Electric transmission operators reported that the enhanced communications facilitated by this rule were vital in maintaining reliability during last the Polar Vortex events of last winter. In addition, in March of 2014, the Commission proposed changes to the natural gas operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation service. The Commission also initiated investigations under section 206 of the FPA to determine whether the day-ahead scheduling practices of the RTOs and ISOs align with any revisions to the natural gas scheduling practices that may be adopted by the Commission in a Final Rule stemming from the proposal. The Commission is currently considering responses to the proposal. If confirmed, I will carefully review the record developed in these proceedings to identify potential reforms that would improve gas-electric coordination and address potential reliability risks.

In addition, last year, FERC held a technical conference that discussed, among other things, pricing of fuel security into the wholesale power markets. The Commission recently directed the regional transmission organizations and independent system operators to file reports on their efforts to address the need for generator access to sufficient fuel supplies and the firmness of generator fuel arrangements. The Commission has also acted in several individual proceedings to put in place a number of market rule and tariff changes that can help address fuel assurance concerns, including clarifying the obligations of capacity resources with respect to fuel procurement, and providing greater fuel cost recovery certainty. If confirmed, I look forward to reviewing the fuel assurance reports and to discussing any additional ways to advance needed natural gas infrastructure.

*Question 8.* What actions, if any, should FERC take to incentivize the procurement of firm pipeline services needed to support construction of new pipeline capacity?

Answer. See response to Question 7.

*Question 9.* Do you believe regional infrastructure concerns regarding gas-fired generator fuel availability are better addressed by market-driven solutions and/or

tailored wholesale electric regional market reforms or by FERC prescribing broad regulatory solutions?

Answer. As I noted in response to Question 7, the Commission recently directed the regional transmission organizations and independent system operators to file reports on their efforts to address the need for generator access to sufficient fuel supplies and the firmness of generator fuel arrangements. If confirmed, I look forward to reviewing the fuel assurance reports and to discussing any additional ways to advance needed natural gas infrastructure.

*Question 10.* Do you believe the Notice of Proposed Rulemaking (NOPR) issued in RM14-2-000 is likely to accomplish FERC's stated policy goal of improving coordination of gas and electric scheduling? If so, how? Couldn't FERC pursue more cost-effective solutions that alleviate FERC's concerns if they were readily available?

Answer. In response to the NOPR you reference in your question, the NAESB filed in September a set of alternative proposed changes to natural gas scheduling practices that it developed through an industry stakeholder consensus process. In late November, the Commission received comments from the public on its NOPR proposals and the alternative proposals submitted by NAESB. I am reluctant to prejudge the issues raised in response to the NOPR. If confirmed, I will carefully review the record in considering what next steps on coordinating gas and electric scheduling practices may be appropriate.

*Question 11.* In light of the broad concerns that have been raised about the widespread impacts and substantial costs associated with FERC's proposal, would you support FERC doing a cost-benefit analysis prior to finalizing the NOPR in RM14-2-000?

Answer. As I noted in response to question 10, in response to the NOPR the Commission has received a set of alternative proposals from NAESB as well as a number of comments from the public on the NOPR and the NAESB alternative. While I am reluctant to prejudge any of the issues before the Commission in this rulemaking, if confirmed, I will carefully review the record in considering appropriate next steps.

#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR BALDWIN

##### *Rail-related grid reliability issues*

*Question 1.* Many of our coal plants have struggled to get the shipments of coal necessary to ensure stable, affordable, and predictable electricity. This fall, coal stocks were critically low at several coal plants in the region. I have pressed the Surface Transportation Board to resolve this rail service issue, as have our utilities. However, as the situation continues, it threatens the health and safety of Wisconsin residents. We know that FERC can play a role in helping solve these problems and I'm hopeful that as a Commissioner, you would be willing to help address these issues.

1a) How does inadequate rail service impact our energy supply and energy consumers?

Answer. Inadequate rail service, and in particular diminishing coal supplies can impact the operation of the grid in many ways, including local and potentially regional reliability issues, resource adequacy and wholesale rates.

1b) What commitments will you make to assure that FERC engages with the Surface Transportation Board to ensure these reliability issues are addressed?

Answer. If confirmed, I would support efforts by all affected parties to resolve this issue. This includes collaboration between the Surface Transportation Board and FERC to monitor this issue and share any relevant information.

1c) How do you view the value of technical conferences, where FERC, the STB and industry convene to find solutions to supply issues that threaten grid reliability?

Answer. If confirmed, I would support a discussion between the relevant stakeholders, including FERC, the STB and industry, given its potential impact to the reliable operation of the electrical grid. Information on this topic would help the Commission understand the duration of the issue, likelihood of any reliability issues and whether this issue is likely to reoccur.

##### *Commitment to emergency propane actions*

*Question 2.* Last winter, at the height of the propane supply shortage in the Midwest, FERC took action to ensure that propane shipments were prioritized on batched pipelines. This action eased the supply crisis. It is critical that FERC be prepared to use its emergency authority as a tool for the federal government to respond to future crises.

2a) How do you think the emergency authority and process for invoking this authority currently functions?



Answer. Last year FERC used its authority under the Interstate Commerce Act for the first time ever to determine that an emergency existed requiring immediate action and issued an order directing Enterprise to provide seven days of priority treatment for propane shipments to help alleviate the propane shortage. In conjunction with the emergency order, FERC Staff conducted alternative dispute resolution discussions with the National Propane Gas Association, Enterprise, and other interested parties to determine if a longer-term, voluntary solution to the propane shortages could be achieved, which led to an agreement to extend the emergency order. In this way, the Commission was able to use its authority and work with industry to help to address the supply shortage in a way that did not impact industry and other suppliers.

2b) Does FERC have all of the tools it needs to respond to quickly to similar crises in the future?

Answer. Because the Commission has only used its authority one time, I think it is too soon to say whether the Commission would need additional authority. I think it will be important to monitor the propane markets and evaluate whether the Commission's current authority is sufficient before determining if additional tools are needed. If confirmed, I commit to continue to monitor the propane issue in the Midwest and to entertain the prospect of using the Commission's authority under the Interstate Commerce Act in order to ensure reliability in the future.

#### *Natural Gas Infrastructure Issues*

*Question 3.* Many Wisconsin manufacturers and utilities are planning to increase their use of natural gas in the coming years. They are doing this to take advantage of low prices, to update their manufacturing processes, and to reduce pollution. This shift to natural gas is not unique to Wisconsin—it is a transition felt in many places across the country. As this transition happens, the cumulative increases in domestic demand will require a careful review.

FERC plays an important role in ensuring that this transition will be smooth and successful. As Commissioner, how will you work to ensure that the cumulative increases in demand for natural gas are modeled and considered in infrastructure planning and build out?

Answer. Natural gas pipeline companies file applications with FERC seeking authority to construct facilities and provide transportation service to their customers, including manufacturers and utilities. Pipeline companies typically conduct open seasons and then design projects to meet that need. In reviewing a pipeline project application, FERC considers, among other things, the demonstrated need for the project. FERC has an excellent track record of processing applications to build needed new facilities; since 2003, FERC has certified 93.1 Bcfd of capacity in new pipelines and expansions. If confirmed, I will work with my fellow Commissioners and FERC staff to continue to process applications for natural gas pipeline projects in a timely manner.

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#### RESPONSES OF COLETTE HONORABLE TO QUESTIONS FROM SENATOR PORTMAN

*Question 1.* Do you agree that baseload power plants, the “always on” energy resources vital to reliable operation of the grid, deserve additional consideration for the irreplaceable reliability benefits they provide?

Answer. Baseload generation is an important part of the nation's resource mix and will continue to operate in the future. The organized capacity markets have been attracting and retaining baseload resources. For example, PJM's base residual action for 2017/2018 procured about 4,800 MW of new combined cycle generation. The Commission is resource- and fuel-neutral. My concern is that all resources are fairly compensated for the value they provide the system. These resources depend critically on revenues earned in the energy markets. The Commission's ongoing price formation effort is exploring whether energy and ancillary service prices appropriately reflect the costs to serve load. If confirmed, I look forward to discussing the issues explored in the price formation proceeding.

*Question 2.* Would you commit, if confirmed, to supporting a FERC effort to model the cumulative effect of EPA regulations on the reliability and affordability of our nation's electric grid?

Answer. My understanding is that staff from FERC discussed issues concerning the proposed rule with the EPA. I believe it is important for FERC to continue this relationship and discuss reliability issues with the EPA and other interested stakeholders. Yesterday, the Commission announced that it plans to hold a series of technical conferences to discuss implications of compliance approaches to the Clean Power Plan proposed rule, which will focus on issues related to electric reliability,

wholesale electric markets and operations, and energy infrastructure. I believe this is an important step in discussing issues that may arise as a result of the proposed EPA regulations. If confirmed, I will continue to participate in the discussions on this rule and be a productive part of FERC's mission to ensure reliability.

*Question 3.* Some of my constituents are voicing concerns as to the forecasted "mismatch" between the number of coal-fired and nuclear units that are likely to be retired VS the magnitude and timing of new capacity that EPA is anticipating will come on line to meet capacity needs.

To illustrate, it's my understanding that in PJM (a 13-state regional transmission organization (RTO) that includes Ohio), approx. 25,000 MW—40,000 MW (megawatts) of coal-fired and nuclear generation are at risk of retirement. In Ohio, more than 6,000 MW are due to be retired in 2015 alone—with only 1,200 MW of new capacity slated to come on line in that same timeframe.

Given that we narrowly averted rolling brownouts and blackouts last winter—but which nevertheless resulted in significant price volatility for retail consumers, as well as disruptions in manufacturing operations across the country,—what responsibility do you believe FERC has, and/or what role should FERC play, in addressing this imbalance / misalignment?

*Answer.* The Commission is resource- and fuel-neutral. However, maintaining diversity in our nation's energy sources and generation fuel supply is important to ensuring reliability and just and reasonable rates for consumers. In Arkansas, I worked to promote diversity in our state's energy resources, helping us achieve some of the lowest electricity rates in the country, and, as President of NARUC, I proactively engaged with my peers across the country and with industry on the security and diversity of our energy supplies. To continue to achieve fuel diversity, appropriate planning by industry and continued proactive engagement among regulators and industry will be needed. The electricity industry is already including fuel diversity in its future planning, and FERC has appropriately focused attention on the need for increased coordination between the natural gas and electricity industries, and, in a recent order, generator fuel assurance concerns in organized wholesale markets. In addition, traditional state integrated resource planning and the resource adequacy constructs adopted in many regions can provide additional tools to address fuel and resource diversity. If confirmed, I would work with my fellow Commissioners to continue these efforts and explore new ways to collaborate with other regulators and industry on these issues.

*Question 4.* Should FERC have a formal role in reviewing and approving the state implementation plans called for by the Clean Power Plan to ensure affordable and reliable energy?

*Answer.* While I have not studied any specific proposal, my understanding is that staff from FERC discusses issues concerning the proposed rule with the EPA. I believe it is important for FERC to continue this relationship and discuss reliability issues with the EPA and other interested stakeholders. Yesterday, the Commission announced that it plans to hold a series of technical conferences to discuss implications of compliance approaches to the Clean Power Plan proposed rule, which will focus on issues related to electric reliability, wholesale electric markets and operations, and energy infrastructure. I believe this is an important step in discussing issues that may arise as a result of the proposed EPA regulations.

*Question 5.* The national council of grid operators recently called on the EPA to require states to identify the reliability impacts of their plans on neighboring states and their region. As a former state regulator yourself, do you think state regulators will be in a position to determine how their state's implementation plan will impact the greater reliability of the grid?

*Answer.* Yes. As Chairman of the APSC, I co-convened a statewide workshop with the director of the Arkansas Department of Environmental Quality to study the impact of the Proposed Rule on Arkansas. The workshop was comprised of a diverse array of participants, which included representatives from both regional transmission organizations that operate in Arkansas: MISO and SPP. I think it is through efforts like these that state regulators can determine how their state's implementation plan will impact the reliability of the grid. However, while I have not studied any specific proposal, my understanding is that staff from FERC discusses issues concerning the proposed rule with the EPA. I believe it is important for FERC to continue this relationship and discuss reliability issues with the EPA and other interested stakeholders. Yesterday, the Commission announced that it plans to hold a series of technical conferences to discuss implications of compliance approaches to the Clean Power Plan proposed rule, which will focus on issues related to electric reliability, wholesale electric markets and operations, and energy infrastructure. I believe this is an important step in discussing issues that may arise as a result of the proposed EPA regulations.

*Question 6.* As the EPA determines in the final rule what is required of states to comply with the Clean Power Plan, should the EPA reduce the compliance challenges and potential electric grid reliability concerns by recognizing and giving credit to states for reductions in greenhouse gas emissions that have already occurred in those state over the last several years?

Answer. In November 2013, the National Association of Regulatory Utility Commissioners passed a resolution titled, "Resolution on Increased Flexibility with Regard to the EPA's Regulation of Greenhouse Gas Emissions from Existing Power Plants," in which NARUC urged EPA to credit "early movers," comprised of those states and/or regions which have already taken steps to reduce greenhouse gas emissions. I agree that, if possible, such efforts should be recognized.

*Question 7.* Commissioner Moeller has requested a formal role for FERC in the development of the Clean Power Plan, especially with regards to reliability implications. If confirmed, would you support greater FERC involvement in examining reliability implications of EPA regulations?

Answer. At FERC, my understanding is that staff from FERC discusses issues concerning the proposed rule with the EPA. I believe it is important for FERC to continue this relationship and discuss reliability issues with the EPA and other interested stakeholders. Yesterday, the Commission announced that it plans to hold a series of technical conferences to discuss implications of compliance approaches to the Clean Power Plan proposed rule, which will focus on issues related to electric reliability, wholesale electric markets and operations, and energy infrastructure. I believe this is an important step in discussing issues that may arise as a result of the proposed EPA regulations. If confirmed, I will continue to participate in the discussions on this rule and be a productive part of FERC's mission to ensure reliability.

*Question 8.* What are your views on how RTO-administered capacity markets are working? Specifically, are these markets supporting the development of a diverse array of electric generating facilities in light of the pending coal plant retirements, while minimizing adverse impacts on consumers?

Answer. The centralized capacity markets in place in some RTOs/ISOs are designed to procure sufficient capacity to meet the region's reliability needs and provide necessary price signals to facilitate the entry of new capacity resources when needed, the retention of existing capacity resources when economic, and the retirement of older and less efficient capacity resources. To date, the capacity markets have met these goals, procuring sufficient capacity to meet reliability needs and attracting and retaining baseload, mid-merit and peaking resources. For example, PJM reports that its base residual action for 2017/2018 procured approximately 5,900 MW of new generation resources, the highest quantity of new generation procured in a single auction since the market began. However, FERC has continued to evaluate the performance and design of capacity markets, particularly as the resource mix evolves in response to low natural gas prices, state and federal policies encouraging the entry of renewable resources and other specific technologies, and the retirement of aging generation resources. If confirmed, I would support Commission efforts to continue this evaluation.

*Question 9.* If not, what steps would you take to improve or modify them?

Answer. As noted in my response to Question 8, to date the centralized capacity markets in place in some RTOs/ISOs have met the goals they are designed to achieve. However, in response to the significant changes taking place in the resource mix, FERC continues to evaluate the performance and design of these markets and the RTOs/ISOs continue to propose improvements or modifications to the markets to ensure that they will continue to achieve their objectives. If confirmed, I would support Commission efforts to continue its evaluation of capacity market performance and design, and would carefully consider RTO/ISO proposals to reform those markets.

*Question 10.* Do you agree with Commissioners LaFleur and Moller that FERC should be a source of reliability expertise to the EPA?

Answer. Yes.

*Question 11.* Do you agree that we will need to continue to rely on coal to generate electricity for the foreseeable future?

Answer. I believe that baseload generation, including coal-fired generation, is an important part of the nation's resource mix and will continue to operate in the future.

*Question 12.* What are your thoughts on the fuel transition currently taking place in the utility sector? Do you share Chair LaFleur's concerns about increasing price volatility?

Answer. Abundant and low cost supplies of domestic natural gas can provide positive benefits for consumers and the environment and will become increasingly im-

portant for compliance with proposed environmental regulations. Increased reliance on natural gas for electricity generation, however, can create infrastructure and coordination challenges that industry, state regulators and FERC must continue to address to maintain reliability. For example, pipelines and other natural gas infrastructure must be expanded to keep pace with the needs of both local distribution companies and gas-fired generators. The events of last winter showed that infrastructure constraints in the Northeast and in other areas of the country can result in volatile and often higher electricity and natural gas prices for consumers, and can negatively impact the delivery of fuel to gas-fired power plants. Using its authority under the Natural Gas Act to approve the siting and construction of interstate natural gas pipeline infrastructure, FERC has an excellent track record of quickly and efficiently processing applications to build needed new facilities. In addition, as FERC staff has noted in quarterly reports to the Commission (posted on the Commission's website), there are ongoing efforts at the regional level by reliability planning authorities, RTOs/ISOs, and state regulators to collaboratively assess their unique infrastructure needs. All of these efforts should continue.

Increased use of natural gas for electricity generation also requires increased coordination of communications and scheduling practices between the two industries. Since 2012, FERC has proactively engaged with the electric and natural gas industries, NARUC, NERC and other stakeholders to identify and address these coordination challenges. FERC has also taken affirmative steps to improve the coordination of communications and scheduling between the two industries and address reliability risks that can result from a lack of effective coordination. For example, in 2013 the Commission issued a Final Rule to affirmatively allow interstate natural gas pipelines and electric transmission operators to share non-public operational information to promote the reliability and integrity of their systems. Electric transmission operators reported that the enhanced communications facilitated by this rule were vital in maintaining reliability during the events of last winter. In addition, in March of 2014, the Commission proposed changes to the natural gas operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation service. The Commission also initiated investigations under section 206 of the FPA to determine whether the day-ahead scheduling practices of the RTOs and ISOs align with any revisions to the natural gas scheduling practices that may be adopted by the Commission in a Final Rule stemming from the proposal. The Commission is currently considering responses to the proposal. If confirmed, I will carefully review the record developed in these proceedings to identify potential reforms that could improve gas-electric coordination and address potential reliability risks.

*Question 13.* Commissioner Tony Clark recently expressed concern with the timeline EPA has proposed for the Clean Power Plan, arguing that the timeline was "front-loaded." He was quoted as saying: "There doesn't seem to be anybody who thinks that you can do it either in a cost-effective manner or even maybe that it's physically feasible because you're talking about a lot of transmission and a lot of gas pipelines being built, and doing it [in] the next couple of years just can't physically happen."

Do you agree with his concerns regarding the interim targets for the Clean Power Plan?

Answer. I am unable to agree with Commissioner's Clark quote as I have not undertaken an assessment of the collective positions of the various states and regions nationwide. As President of NARUC, I have had the opportunity to interact with state regulators from all over the country who have diverse perspectives regarding the Clean Power Plan and its impact on reliability and costs. I have expressed support for the Administration's efforts to reduce greenhouse gas emissions and to improve the environment. As a result, Arkansas has filed comments indicating that its proposed goal may be difficult to reach by 2020. However, I note that on October 28, 2014, after engaging in significant outreach to a broad range of stakeholders, the EPA issued a NODA to, in part, seek comment on the potential technical challenges described by some stakeholders associated with achieving all of the reductions that states would be required to make as early as 2020. In the NODA, EPA discusses approaches that stakeholders have offered to address these issues and requests comment both on the concept of phasing in reductions over time and possible approaches to effectuating such a phase-in.

## APPENDIX II

### Additional Material Submitted for the Record

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NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION,  
*Arlington, VA, December 2, 2014.*

Hon. MARY L. LANDRIEU,  
*Chair, Energy and Natural Resources Committee, U.S. Senate, Washington, DC.*

DEAR CHAIR LANDRIEU:

On behalf of the National Rural Electric Cooperative Association ("NRECA"), I express our support for the President's nomination of Colette Honorable to serve as a Commissioner on the Federal Energy Regulatory Commission.

NRECA is the national service organization for more than 900 not-for-profit rural electric cooperatives and public power districts that provide electric energy to over 42 million people in 47 states. NRECA members serve 19 million businesses, homes, schools, churches, farms, irrigation systems, and other establishments in 2,500 of 3,141 counties in the United States. NRECA's members include consumer-owned local distribution systems and 65 generation and transmission cooperatives that supply wholesale power to their distribution cooperative owner-members. Our members exist to serve and provide reliable electric service to their ownermembers at the lowest reasonable cost.

Colette D. Honorable's experience as a state regulator gives her a unique perspective on those areas where federal and state interests converge such as reliability and resilience. As the current chair of the Arkansas Public Service Commission, Chair Honorable has overseen regulations advancing energy efficiency and consumer protection. She has also built on her experience with notable leadership at the National Association of Regulatory Utility Commissioners and National Petroleum Council. As a FERC Commissioner, these qualities will serve our nation well as demand for reliable and affordable energy services continues to rise.

It is our sincere hope that Chair Honorable's nomination will move quickly and successfully through the Committee and that members on both sides of the aisle will support her by helping to ensure a successful confirmation by the full Senate.

Sincerely,

JOANN EMERSON,  
*CEO, NRECA.*

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ARKANSAS ELECTRIC COOPERATIVE CORPORATION,  
*Little Rock, AK., December 2, 2014*

Hon. MARY L. LANDRIEU,  
*Chair, Energy and Natural Resources Committee, 304 Dirksen Senate Building, Washington, DC.*

Hon. LISA MURKOWSKI,  
*Ranking Member, Energy and Natural Resources Committee, 304 Dirksen Senate Building, Washington, DC.*

DEAR SENATOR LANDRIEU AND SENATOR MURKOWSKI:

On behalf of the Electric Cooperatives of Arkansas, I would urge the United States Senate Energy and Natural Resources Committee to recommend confirmation of President Obama's nomination of Colette Honorable, current Chairman of the Arkansas Public Service Commission (APSC), to serve on the Federal Energy Regulatory Commission (FERC). Chairman Honorable has proven herself to be a highly skilled, fair and reasonable utility regulator; very professional in her dealings with all parties and stakeholders; and very foresightful in her understanding of the many complex issues facing both the electric and natural gas industries.

As the President and CEO of Arkansas Electric Cooperative Corporation and Arkansas Electric Cooperatives, Inc., I represent over 500,000 electric cooperative

members in 74 of Arkansas' 75 counties. Collectively, our membership represents approximately 30 percent of the state's population and 60 percent of its land mass. We serve many of the state's low income households and struggling businesses, and are focused on ensuring that our electric service is both reliable and affordable. Currently, our wholesale electric rate to our members is the second lowest of any electric cooperative generation and transmission provider in the country. We advocate regulatory policy and approaches that will ensure our ability to continue to provide reliable and affordable electricity for generations to come. Under the Federal Power Act, FERC has the responsibility to ensure both reliable electric transmission service and just and reasonable wholesale electric rates. Chairman Honorable's record as both the Chair of the APSC and President of the National Association of Regulatory Utility Commissioners (NARUC) demonstrates her substantial relevant experience and ability to fulfill the critically important responsibilities of the FERC.

Nationwide, there are over 42 million electric cooperative members being served in 47 states. These cooperative members represent approximately 12 percent of the nation's population. With Colette's significant legal and regulatory background in both the electric and natural gas industries, along with her commitment to the principles of affordability and reliability, we believe that she is uniquely suited to serve our entire nation as the next member of the Federal Energy Regulatory Commission. Therefore, we respectfully urge your committee to approve her nomination and submit it to the full Senate for confirmation.

If you have any questions that I can answer or need any further examples of Chairman Honorable's experience and qualifications to serve on the FERC, please feel free to contact me.

Most Sincerely,

DUANE HIGHLEY,  
*President and CEO, Arkansas Electric Cooperative Corporation.*

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NEW ENGLAND CONFERENCE OF PUBLIC UTILITIES COMMISSIONERS,  
*December 3, 2014.*

Hon. HARRY REID,  
*Senate Majority Leader, 522 Hart Senate Office Building, Washington, DC.*

Hon. MITCH McCONNELL,  
*Senate Republican Leader, 317 Russell Senate Office Building, Washington, DC.*

DEAR MAJORITY LEADER REID AND MINORITY LEADER McCONNELL:

We are writing in support of the nomination of Chairman Colette Honorable to serve as Commissioner on the Federal Energy Regulatory Commission. As Chair of the Arkansas Public Service Commission and President of the National Association of Regulatory Utility Commissioners, Chairman Honorable has a deep understanding of the importance of maintaining reliable, resilient and affordable energy in service to our nation's citizens. Chairman Honorable has the reputation of being a pragmatic regulator and has earned strong bi-partisan support among her colleagues.

We respectfully request that you and your colleagues on the Senate Energy and Natural Resources Committee favorably report the nomination of Chairman Colette Honorable with a recommendation to confirm.

Sincerely,

MARGARET E. CURRAN,  
*President.*  
SARAH HOFMANN,  
*Executive Director.*

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MID-ATLANTIC CONFERENCE OF REGULATORY UTILITIES  
COMMISSIONERS, MACRUC,  
*December 4, 2014.*

Hon. HARRY REID,  
*Senate Majority Leader, 522 Hart Senate Office Building, Washington, DC.*

Hon. MITCH McCONNELL,  
*Senate Republican Leader, 317 Russell Senate Office Building, Washington, DC.*

DEAR MAJORITY LEADER REID AND MINORITY LEADER McCONNELL:

We are writing in support of the nomination of Chairman Colette Honorable to serve as Commissioner on the Federal Energy Regulatory Commission. As Chair of the Arkansas Public Service Commission and President of the National Association

of Regulatory Utility Commissioners, Chairman Honorable has a deep understanding of the importance of maintaining reliable, resilient and affordable energy in service to our nation's citizens. Chairman Honorable has the reputation of being a pragmatic regulator and has earned strong bi-partisan support among her colleagues.

We respectfully request that you favorably support the nomination of Chairman Colette Honorable.

Sincerely,

ROBERT F. POWELSON,  
*President.*

MARY ANNA HOLDEN,  
*Second Vice President.*

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SOUTHEASTERN ASSOCIATION OF REGULATORY UTILITY  
COMMISSIONERS,  
*Austin, TX., December 2, 2014.*

Hon. HARRY REID,  
*Senate Majority Leader, 522 Hart Senate Office Building, Washing, DC.*

Hon. MITCH MCCONNELL,  
*Senate Republican Leader, 317 Russell Senate Office Building, Washington, DC.*

DEAR MAJORITY LEADER REID AND MINORITY LEADER MCCONNELL:

In addition to our letter of support for Chairman Collette Honorable to serve on the Federal Energy Regulatory Commission, the Southeastern Association of Regulatory Utility Commissioners (SEARUC) would like also to share with you the action taken by SEARUC on November 17, 2014. At the business meeting of SEARUC held that date, the \*commissioners attending unanimously voted to support the nomination and confirmation of Chairman Honorable to serve as a FERC Commissioner.

Sincerely,

COMMISSIONER KENNETH W. ANDERSON, JR.,  
*President, SEARUC.*

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WESTERN CONFERENCE OF PUBLIC SERVICE COMMISSIONERS,  
*December 4, 2014.*

Hon. HARRY REID,  
*Senate Majority Leader, 522 Hart Senate Office Building, Washington, DC.*

Hon. MITCH MCCONNELL,  
*Senate Republican Leader, 317 Russell Senate Office Building, Washington, DC.*

DEAR MAJORITY LEADER REID AND MINORITY LEADER MCCONNELL:

We are writing in support of the nomination of Chairman Colette Honorable to serve as Commissioner on the Federal Energy Regulatory Commission. As Chair of the Arkansas Public Service Commission and President of the National Association of Regulatory Utility Commissioners, Chairman Honorable has a deep understanding of the importance of maintaining reliable, resilient and affordable energy in service to our nation's citizens. Chairman Honorable has the reputation of being a pragmatic regulator and has earned strong bi-partisan support among her colleagues.

We respectfully request that you favorably support the nomination of Chairman Colette Honorable.

Sincerely,

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MID-AMERICA REGULATORY CONFERENCE,  
*Milwaukee, WI., December 4, 2014.*

Hon. HARRY REID,  
*Senate Majority Leader, 522 Hart Senate Office Building, Washington, DC.*

Hon. MITCH MCCONNELL,  
*Senate Republican Leader, 317 Russell Senate Office Building, Washington, DC.*

DEAR MAJORITY LEADER REID AND MINORITY LEADER MCCONNELL:

The nomination of Chairman Colette Honorable to serve as Commissioner on the Federal Energy Regulatory Commission will be before you. As Chair of the Arkansas

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\* All other commissioners signatures have been retained in committee file.

Public Service Commission. President of Mid-America Regulatory Conference and President of the National Association of Regulatory Utility Commissioners. Chairman Honorable has a deep understanding of the importance of maintaining reliable, resilient and affordable energy in service to our nation's citizens. Chairman Honorable has the reputation of being pragmatic regulator and has earned strong bi-partisan support among her colleagues.

We respectfully request that you favorably support the nomination of Chairman Colette Honorable. The enclosed \*list of state regulatory leaders fully endorse this recommendation.

Sincerely,

PHIL MONTGOMERY,  
*President.*

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\*The list of state regulatory leaders have been retained in committee file.